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ABSTRACT

This teaching guide consists of guidelines for conducting two secondary-level introductory accounting courses. Intended for vocational business education students, the courses are designed to introduce financial principles and practices important to personal and business life, to promote development of clerical and bookkeeping skills sufficient for entry-level jobs, and to provide an introduction to accounting concepts and procedures studied at the postsecondary level. The goals and objectives of each course are described. Next, specific lesson goals and objectives, teachers' notes and suggested activities, and lists of suggested materials are provided for each course. Covered in the Accounting 202 course are the basic accounting cycle, systems and procedures to control and record cash receipts and cash payments, petty cash, bank reconciliation, payroll systems, systems and procedures for a merchandising business, and completion of the accounting cycle. The Accounting 302 course includes the following topics: processing accounting data; voucher systems; inventory systems; and manufacturing, budget, partnership, corporation, taxation, cash basis, and current value accounting. Appended are a bibliography and transparency masters. (MN)

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accounting 202, 302

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This guide replaces the Accounting guides of 1970 and the Temporary Revisions of 1979, and becomes effective generally in September, 1982. It has been developed as part of the Accounting cluster of courses designed to provide guidelines for vocational business education.

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RATIONALE

Accounting 202 and 302 have been designed, as part of the accounting cluster of courses, to introduce students to financial principles and practices important to both personal and business life; to promote the development of clerical and bookkeeping skills sufficient for job entry level positions; and to provide an introduction to accounting concepts and procedures studied at the post-secondary level.

Accounting 202 is the introductory course in accounting. Accounting 302 is an extension of the material studied in Accounting 202, and is focused on the practice of the principles and on a higher level of theory.

The courses are thus useful both to vocational business education students and to any other students who wish to use accounting skills for personal record keeping or as a basis for further eduicational-vocational development.

Accounting 202/302 should be studied in conjunction with such courses as Data Processing 202/302, Typewriting 102, Office Procedures 302, General Business 101 or Retailing 102, Management 302, Relations in Business 202, and electives from Law 302/Economics 301, or Business Principles 201. Students should be encouraged to study core subjects (mathematics, English, sciences, social studies) at the level most appropriate to the individual.

EVALUATION

Student evaluation should be based upon the objectives cited in the curriculum guide. Accounting is a highly sequential study and lends itself to frequent and periodic tests for each concept in the sequence. Students should be examined for their understanding of the present and past concepts so that the relationships between concepts are reviewed.

TIME ALLOTMENT

Accounting 202 and 302 are one-credit courses in secondary schools, and require 110-120 hours of instruction per course.

GOALS AND OBJECTIVES

ACCOUNTING 202

I. Basic Concepts in the Accounting Cycle

The student should be able to:

- explain the need for and the purpose of financial records and accounting systems;
- describe and use the basic accounting principles of starting an accounting system;
- classify assets, liabilities, and owner's equity;
- classify as an asset or a liability each item from a random list of assets and liabilities;
- calculate the total assets and the total liabilities;
- determine the owner's equity;
- determine, when given two elements, the missing element in the fundamental accounting equation;
- construct balance sheets for small businesses;
- interpret and analyze simple balance sheets from given data and management cases;
- identify, analyze, and record increases and decreases in the fundamental elements (assets, liabilities, owner's equity, revenue and expenses) resulting from business transactions;
- summarize the results of changes in assets, liabilities, owner's equity, revenue, and expenses by preparing balance sheets and income statements;
- interpret and analyze financial statements;
- explain the need for and the purpose of ledger accounts;
- explain the relationship of each ledger account to the accounting equation;
- apply the principles of debit and credit to the balance sheet accounts (assets, liabilities, and owner's equity);
- use T-accounts to show increases and decreases in asset, liability, and owner's equity accounts;
- apply the principles of debit and credit to the income statement accounts (revenue, expenses);
- use T-accounts to show increases and decreases in revenue and expense accounts.

II. The Basic Accounting Cycle

The student should be able to:

- understand the importance of and the need for source documents;
- identify source documents;
- prepare source documents;
- demonstrate the ability to file and to retrieve source documents;
- use calculators to check the mathematical accuracy of source documents;
- analyze the debit and credit parts of business transactions from given source documents;
- understand the need for and the importance of a journal;
- record journal entries resulting from business transactions;
- follow appropriate checking and correcting procedures for preparing accounting proofs of the journal;
- understand the need for and the purposes of the ledger;
- prepare a chart of accounts;
- state the purpose of each ledger account;
- post journal entries into the appropriate ledger accounts with cross references for each entry;
- calculate the balance of each ledger account after an entry is posted;
- follow appropriate checking and correcting procedures for preparing accounting proofs for a ledger account balance;
- understand the need for and the purpose of a trial balance;
- prepare a trial balance;
- follow appropriate procedures for locating and correcting errors in the trial balance;
- classify the types of accounts in the trial balance and name the normal side of each account balance;
- understand the need for and the purposes of a worksheet;
- prepare a six-column worksheet;
- understand the need for and the purpose of an income statement and a balance sheet;
- prepare income statements from information in six-column worksheets;

- prepare balance sheets in account and report forms from information in six-column worksheets;
- analyze the performance and the position of businesses from income statements and balance sheets;
- understand the need for and the purpose of closing the ledger;
- record closing entries for the journal:
  - prepare journal entries to close revenue accounts;
  - prepare journal entries to close expense accounts;
  - prepare journal entries to transfer net income or net loss to the capital account;
  - prepare a journal entry to transfer the drawing account to the capital account;
- post closing entries to the ledger accounts;
- understand the need for and the purpose of the post-closing trial balance;
- prepare a post-closing trial balance.

III. Systems and Procedures to Control and to Record Cash Receipts

The student should be able to:

- understand the need for and the purpose of cash receipts control;
- identify, explain, and apply the accounting principles of cash control;
- prepare daily cash proofs;
- understand the need for and the purpose of a cash receipts journal;
- identify and record source documents;
- total, rule, and post from the cash receipts journal.

IV. Systems and Procedures to Control and to Record Cash Payments

The student should be able to:

- understand the need for and the purpose of cash disbursements (payments) controls;
- identify, explain, and apply the accounting principles of cash control;
- prepare daily cash proofs;
- understand the need for and the purpose of a cash payments journal;
- identify, complete, and record source documents;
- total, rule, and post from the cash payments journal.

V. Petty Cash

The student should be able to:

- understand the need for and the purposes of a petty cash fund;
- understand the need for and the purpose of petty cash vouchers;
- record the establishment of a petty cash fund;
- maintain a petty cash book;
- replenish the petty cash fund.

VI. Bank Reconciliation

The student should be able to:

- understand the need for and the purpose of a bank reconciliation statement;
- identify the sources of information required for the preparation of a bank reconciliation statement;
- prepare a bank reconciliation;
  understand the need for and the purpose of entries to adjust the cash account and the cheque stub balance;
- record the entries to adjust the cash account;
- adjust/correct the cheque stub balance.

NOTE: The following options are suggested for Accounting 202:

VII. Payroll System

OR

IX. Completion of the Accounting Cycle

OR

VII. & IX. Payroll System and Completion of the Accounting Cycle

VII. Payroll System (Option)

The student should be able to:

- understand the need for and the purpose of the payroll system;
- understand and explain the components of a payroll system;
- compute gross earnings;
- determine payroll deductions;
- calculate net pay;
- identify the need for and the purpose of the payroll register;
- prepare the payroll register;
- record the payroll information;
- identify and explain various methods of payment;
- record payment of the payroll to employees;
- understand the need for and the purpose of various payroll disbursements;
- identify the various payroll disbursements;
- prepare documents to remit payroll disbursements;
- record payroll disbursements from source documents;
- understand the need for and the purpose of preparing T4 information forms;
- prepare a sample T4 information form from an employee's individual earnings record.

VIII. Systems and Procedures for a Merchandising Business

The student should be able to:

- define merchandising business;
- identify and explain how a merchandising business differs from a service business;
- identify the special accounts for a mechandising business;
- identify the special journals for a merchandising business;
- identify the need for and the purpose of the sales journal;
- record the sales of merchandise in the sales journal
- total and rule the sales journal;
- identify the need for and the purposes of the accounts receivable ledger;
- open an accounts receivable ledger;
- post from the sales journal;
- identify the need for credit memoranda;
- prepare credit memoranda;
- record the sales returns and allowances;
- post sales returns and allowances;
- identify the need for and the purposes of the multi-column cash receipts journal;
- record payments received from customers;
- rule, total, and prove cash receipts journal;
- post to the accounts receivable ledger and the general ledger;
- review the need for and the purpose of the accounts receivable ledger;
- open an accounts receivable ledger;
- identify the need for and the purpose of the schedule of accounts receivable;
- prepare a schedule of accounts receivable;
- identify the need for and the purpose of a purchases journal;
- record the purchases of merchandise in the purchases journal;
- total and rule the purchases journal;
- identify the need for an accounts payable ledger;
- open an accounts payable ledger;
- post from the purchases journal;
- record and post transportation-in costs;
- record purchases returns and allowances;
- post purchases returns and allowances;
- identify the need for and the purposes of a multi-column cash payments journal;
- record payments to creditors;
- rule, total, and prove the cash payments journal;
- post to the accounts payable ledger and the general ledger;
- identify the need for and the purposes of a schedule of accounts payable;
- prepare a schedule of accounts payable.

IX. Completion of the Accounting Cycle (Option)

The student should be able to:

- understand the need for and the purpose of adjusting entries;
- prepare adjusting entries;
- understand the need for and the purpose of the worksheet;
- prepare a worksheet with adjustments;
- prepare the financial statements;
- record the adjusting and closing entries;
- prepare the post-closing trial balance.

ACCOUNTING 302

I. Review and Background

The student should be able to:

- demonstrate an understanding of the Accounting 202 objectives;
- review or complete the objectives in Accounting 202 for Payroll System;
- review or complete the objectives in Accounting 202 for Completion of the Accounting Cycle;
- identify the need for adjusting entries for accrued revenues and accrued expenses;
- understand how accrued revenues and accrued expenses differ from other revenue and expenses;
- record adjusting entries for accrued revenue and accrued expenses in the general journal;
- post adjusting entries for revenue and expenses using accrued revenue and accrued expense accounts in the general ledger;
- review the need for closing revenue and expense accounts;
- record the closing entries for revenue and expense accounts;
- post the closing entries for revenue and expense accounts;
- report accrued revenue and accrued expense items on an income statement and a balance sheet;
- identify the need for reversing entries for accrued revenue and accrued expenses in the next accounting period;
- record the reversing entries for accrued revenue and accrued expenses;
- post the reversing entries for the accrued revenue and accrued expenses to the general ledger.

II. Methods of Processing Accounting Data

The student should be able to:

- identify the need for the combination journal;
- record entries in a combination journal;
- forward totals from one page to another;
- total and rule the combination journal;
- prove the combination journal;
- post from the combination journal to the ledgers;
- evaluate the combination journal system;
- identify the need for the purpose of a one-write system in accounting;
- record accounting entries in the one-write system;
- evaluate the one-write system;
- identify the need for preparing accounting data for a computer;
- prepare accounting data for input to a computer;
- identify the need for computer programs to instruct the computer;
- analyze computer output.

III. Voucher System

The student should be able to:

- identify the need for and the purpose of the voucher system in accounting;
- explain the procedure for preparing and recording vouchers in the voucher register;
- prepare vouchers;
- record vouchers in the voucher register;
- identify the need for and the purposes of the cheque register;
- explain the procedure for preparing voucher cheques and recording them in the cheque register.
- prepare voucher cheques;
- record voucher cheques in the cheque register;
- total and rule the voucher and cheque registers;
- prepare proofs for the voucher and cheque registers;
- prepare a schedule of vouchers payable from the unpaid voucher file;
- post to the ledgers from the voucher and cheque registers;
- develop an understanding of the special procedures for a voucher system;
- prepare vouchers or voucher cheques and accounting entries for special procedures in a voucher system;

- describe the advantages and disadvantages of the voucher system.

IV. Inventory Systems

The student should be able to:

- identify the need for and the purpose of inventory control;
- identify the types of inventory systems;
- describe the types of inventory systems;
- prepare accounting records for all types of inventory systems;
- compare the advantages and disadvantages of the types of inventory systems;
- develop an understanding of the principles of inventory valuation:
    - identify the methods of inventory valuation;
    - calculate the value of inventory using the different methods of inventory valuation;
    - compare the different principles of inventory valuation;
    - record inventory costs in financial statements.

V. Manufacturing Accounting

The student should be able to:

- identify the elements of manufacturing costs;
- describe the elements of manufacturing costs;
- illustrate and describe the flow of elements through the manufacturing cycle;
- identify and explain the two systems of costing;
- understand the need for and the purpose of cost accounting;
- apply costs to work flow;
- identify and explain the methods of applying overhead costs;
- apply overhead costs to work flow;
- prepare, post, and explain the journal entries to match cost flow with work flow;
- prepare trial balances and financial statements for manufacturing businesses.

VI. Budget Accounting

The student should be able to:

- understand the purpose of and the need for budgets;
- identify types of budgets;
- identify and discuss the sources of information in preparing the budgets;
- prepare budgets;
- compare budget figures to actual operating figures;
- analyze results of financial operations.

VII. Partnership Accounting

The student should be able to:

- define a partnership;
- identify the need for and the purpose of a partnership agreement;
- prepare journal entries for the formation of a partnership;
- identify the methods of distributing profits and losses;
- prepare journal entries for the distribution of profits and losses;
- prepare working papers and financial statements for partnerships.

VIII. Corporation Accounting

The student should be able to:

- define corporation;
- identify the need for and the purpose of a corporation as a legal entity:
- identify the methods of financing a corporation;
- define and classify shares;
- prepare and post journal entries for equity financing of a corporation;
- understand the procedure for allocating corporate earnings;
- prepare journal entries for corporate income taxes;
- prepare journal entries for retained earnings;
- prepare journal entries for the distribution of dividends and reserves;
- prepare corporate financial statements;
- understand the need for and the purpose of long-term borrowing;

- identify the methods of long-term borrowing;
- define and classify bonds;
- prepare journal entries for bond issues;
- prepare journal entries for interest expense;
- prepare journal entries for bond sinking funds;
- prepare journal entries for the redemption or retirement of bond issues;
- prepare corporate financial statements;
- understand the need for and the purpose of the analysis of corporate financial reports;
- prepare a general analysis from given comparative income statements and comparative balance sheets;
- understand the need for and the purpose of creditor analysis of corporate financial reports;
- identify and define the components of creditor analysis for corporate financial reports;
- prepare a creditor analysis;
- understand the need for and purpose of investor analysis of corporate financial reports;
- identify and define the components of investor analysis for corporate financial reports;

- prepare an investor analysis.

IX. Basic Concepts of Taxation Accounting

The student should be able to:

- understand the need for and the purpose of preparing a personal income tax return;
- identify and define the components of a personal income tax return;
- prepare from given information, personal income tax returns;
- understand the need for and the importance of preparing income tax returns for the owners of unincorporated business;
- identify and define the components of income tax returns for the owners of unincorporated businesses;
- prepare, from given information, income tax returns for the owners of unincorporated businesses;
- prepare journal entries for recording payment of income taxes for owners of unincorporated businesses;
- understand the need for and the purpose of preparing corporate income tax returns;
- identify and define the components of corporate income tax returns;
- prepare, from given information, corporate income tax returns;
- understand the difference between the accounting income and the taxable income of corporations;
- prepare journal entries for corporation income taxes;
- understand the need for and the purpose of property taxes;
- identify and define the formula required to calculate property taxes;
- calculate property taxes;
- prepare and record the journal entries for the liability and the payment of property taxes;
- understand the need for and the purpose of federal and provincial sales taxes;
- calculate federal and provincial sales tax;
- prepare the journal entries for sales tax.

NOTE: The following options may be included within the Accounting 302 course:

X. Cash Basis Accounting (Farm Accounting Option)
AND/OR
XI. Current Value Accounting

X. Cash Basis Accounting (Farm Accounting Option)

The student should be able to:

- understand the purpose of cash basis accounting;
- define cash basis accounting;
- design a synoptic/combination journal for farm accounting;
- record the journal entries from given data;
- post the synoptic/combination journal to the income and expenditure statement;
- update the balance sheet;
- define capital cost;
- understand the purpose of capital cost allowance;
- prepare a schedule of capital cost allowance from given data;
- post the capital cost allowance data directly to the income and expenditure statement;

- update data for the balance sheet;
- complete the financial statements;
- compare the cash basis method and the accrual method of recording income and expenses;
- undertand the need for and the purpose of cash flow projections;
- prepare periodic cash flow projections for a year from given data.

XI. Current Value Accounting (Option)

The student should be able to:

- develop an awareness of the influence of inflation on accounting;
- compare historic cost accounting with current value accounting.

accounting 202

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
I. BASIC CONCEPTS IN THE ACCOUNTING CYCLE		
A. Beginning the Accounting System The student should be able to: 1. explain the need for and the purpose of financial records and accounting systems;	Have a general discussion about the reasons for personal, business, financial, and accounting records. Lead the students to see that records and reports are actually instruments through which information regarding the success or failure of the business and its financial conditions are portrayed. Bring out consistently throughout instruction the place of such records and reports in the making of business decisions both by management and by others interested in the business. Use questions requiring students to make decisions based on certain data given to them in statement form.	Textbooks contain information on this concept. Use examples related to students (personal records, family records, school clubs/organizations), business (farm, corner grocery store, corporation) and non-profit organizations (church, Canadian Red Cross, provincial government). Problem questions from textbooks Case problems from textbooks and business
2. describe and use the basic accounting principles of starting an accounting system;	Emphasize the use of accounting records to determine how much a person is worth financially. Determine financial worth of a fictitious student: Have students supply information which the teacher writes on the chalkboard (see illustration). Have the students prepare the same statement in accounting notebooks.	FINANCIAL WORTH OF HIGH SCHOOL STUDENT Money in pocket $ 1.00 Cash in bank 50.00 Clothes 300.00 Bicycle 200.00 Record player 150.00 Record collection 60.00 $761.00
	Ask the students how they determined the financial worth of the student. Encourage the students to deduce a simple basic accounting formula. Prepare a chart/transparency of the basic accounting formula. Have the students determine the financial worth of the fictitious student if the student owns all these items with a total value of $761.00, but also owes a friend $10.00.	OWNS = FINANCIAL WORTH OF AN INDIVIDUAL.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Ask the students how they determined the financial worth of the student.	
	Encourage the students to deduce a simple basic accounting formula.	OWNS - OWES = NET FINANCIAL WORTH OF AN INDIVIDUAL.
	Prepare a chart/transparency of the accounting formula.	
	Discuss with the students the information required to start an accounting system for a business: -what the business owns; -what the business owes; -what the financial worth of the business is.	Case study containing information about what a business owns and owes Transparency Master 1, "Financial Worth of a Small Business"
	Prepare a step-by-step statement entitled "Financial Worth of a Small Business" on the chalkboard while students prepare the same statement in accounting notebooks.	
	Ask the students to explain the method of calculating the financial worth of the business and to determine the basic accounting equation.	
3. classify assets, liabilities, and owner's equity;	Write the basic accounting equation on the chalkboard or refer to a chart of the equation OWNS - OWES = NET FINANCIAL WORTH, during discussion of assets, liabilities, and owner's equity.	Transparency Master 2, "Basic Accounting Equation"
	Ask the students for the term used to define items of value that a person or business owns. When determined through questioning, write the term Assets under the word Owns in the accounting equation. Have students list assets they own.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Ask the students for the term to define items that a person owes. When determined through questioning, write the term Liabilities under the word Owes in the accounting equation.	
	Have students list liabilities they owe. Explain that the terms Debts and Liabilities mean essentially the same thing, but business people and accountants more often use the term Liabilities because it is a more inclusive term. Point out that it includes not only debts definitely owed, but also possible debts which may occur.	
	Point out to the students that there is one remaining item not changed in the equation. Explain that the net financial worth of a business is the claim of the owner against the assets. Explain that the term Owner's Equity is the accounting term for the claim of the owner. Write the term Owner's Equity in the equation under the words Net Financial Worth.	
	Explain the relationship of these terms: Ownership, Proprietorship, Capital, Net Worth, Owner's Equity.	
	Ask the students if there are any other ways of expressing the same equations. Write the equations on the chalkboard as they are developed. If the students are not quick to answer this question write the simple arithmetic equation, 5-1=4, on the chalkboard. Then through questioning and discussion develop the fact that this equation could also be written as 1+4=5 or 5=1+4. Relate the term Assets to 5, Liabilities to 1, Owner's Equity to 4 and each term to each of the numbers in the arithmetic equation, 5=1+4. Emphasize that the basic equation is: Assets = Liabilities + Owner's Equity.	Transparency Master 2, "Basic Accounting Equation"

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
4. classify as an asset or a liability each item from a random list of assets and liabilities;	Develop through discussion, illustrations, and chalkboard work. Give students random lists of asset and liability items and ask them to classify each of the items as an Asset (A) or a Liability (L). Drill the students on the classification of assets and liabilities.	Lists from textbooks Flash cards or write-on slides for Asset Accounts (e.g., Cash, Furniture, Office Equipment, Machinery, Delivery Equipment) Flash cards or write-on slides for Liability Accounts (e.g., Accounts Payable, Bank Loan Payable, Johnson Company - a creditor)
5. calculate the total assets and the total liabilities; 6. determine the owner's equity;	Give the students lists of assets and liabilities with values for each. From these given lists and values have the students calculate the value of total assets and the total liabilities and the owner's equity using the accounting equation.	Lists of assets and liabilities prepared by the teacher and/or lists obtained from textbooks and businesses
7. determine, when given two elements, the missing element in the fundamental accounting equation;	Review the concept of the fundamental accounting equation. It is important that students understand rather than memorize the fundamental accounting equation. Give the students simple problems related to the equation to solve mentally. Have the students solve more difficult problems in written format.	Refer to textbooks for problems and projects related to the fundmental accounting equation. "Transaction sheet" (the accounting equation in linear form) to teach the concept that the equation is always in balance Transparency Master 3, "Accounting Equation"
8. construct balance sheets for small businesses;	Emphasize the concept that generally the first step in beginning an accounting system of any kind is to prepare a beginning balance sheet. Have the students analyze balance sheets from overhead transparencies, charts, and textbook illustrations. Use the ledger account form (T-account form) of the balance sheet. The ledger account form stresses the equilibrium principle which is fundamental to all accounting. The account form of the balance sheet has left-hand and right-hand sides that correspond to the accounting equation (A=L+OE).	Transparencies/charts/textbook illustrations of balance sheets Transparency Master 4, "Office Services Balance Sheet"

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Demonstrate, step-by-step, the correct format of the balance sheet on the chalkboard and/or transparency. Have the students follow the demonstration by completing a correct and neat format of the balance sheet on accounting paper for insertion in notebooks.	
9. interpret and analyze simple balance sheets from given data and management cases.	Encourage the students to interpret and analyze balance sheets by answering questions about given balance sheets. Prepare a list on the chalkboard or overhead of what is contained in the balance sheet.	
	Use the following or similar questions to obtain the answers: 1. What is the first section of the balance sheet? 2. What is contained in the heading? 3. What is the second section of the balance sheet? 4. Can you locate the parts of the fundamental accounting equation in the body of the balance sheet? 5. What is the total of the assets on the left side? 6. When the liabilities and owner's equity are added what is the total on the right side?	
	SUGGESTED ANSWERS: 1. The heading. 2. Name of individual or business (who?) Name of form (balance sheet) (what?) Date of the balance sheet (When?) 3. The body. 4. Assets, liabilities, owner's equity	
	Emphasize that the two sides of the sheet are in balance, thus the name Balance Sheet. Point out that the two sides must be in balance and equal to each other just as in the fundamental accounting equation. Emphasize and illustrate the relationship between the fundamental accounting equation and the balance sheet.	Textbook illustrations, charts

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
B. Changes in the Accounting Equation The student should be able to: 1. identify, analyze, and record increases and decreases in the fundamental elements (assets, liabilities, owner's equity, revenue and expenses) resulting from business transactions;	Point out, using the balance sheet and the fundamental accounting equation, that the assets, liabilities, and owner's equity each have a "natural" side - the left (debit) side for assets and the right (credit) side for liabilities and owner's equity. The first rule for making changes in accounts can be given as follows: - Increase any account by recording the amount of the change on the natural side for the particular item; - Decrease any account by recording the amount of the change opposite the natural side for the particular item.	Transparency Master 5, "Summary of Rules for Debits and Credits"
	Prepare charts/transparencies of the Summary of Rules for Debits and Credits.	
	Proceed from the summary of rules for debits and credits to a discussion of the basic principles of debit and credit. Prepare a chart/transparency of the Basic Principles of Debit and Credit.	BASIC PRINCIPLES OF DEBIT AND CREDIT 1. Asset accounts have debit balances. 2. Liability accounts have credit balances. 3. The proprietor's capital account (the owner's equity) has a credit balance. 4. Revenue accounts have credit balances. 5. Expense accounts have debit balances. 6. The increase side of any account is its balance side. 7. The decrease side of any account is the side opposite the balance side.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. summarize the results of changes in assets, liabilities, owner's equity, revenue, and expenses by preparing balance sheets and income statements;	Emphasize the importance and the purpose of the balance sheet and the income statement. Review the format of the balance sheet. Demonstrate the correct format of each financial statement on the chalkboard and/or overhead transparency. Have the students follow the demonstration by completing a correct and neat format of each type of statement on ruled accounting paper for insertion in notebooks.	Textbook, charts, posters, transparencies illustrating the correct format of each financial statement
3. interpret and analyze financial statements;	Collect and/or prepare financial statements from/for service companies and organizations (school clubs) of interest to students. Ask students to answer questions on the total value of assets, the date of the balance sheet, the fiscal period, the total expenses, etc. Seek opportunities to use open-ended questions, such as, "What would happen if. . . ?"	Collection of financial statements or examples of financial statements from textbooks Case studies about balance sheets and income statements
C. Ledger Accounts (T-accounts) The student should be able to: 1. explain the need for and the purpose of ledger accounts;	Make the students aware of the need for and the purpose of ledger accounts. Illustrate that recording changes directly into the accounting equation and the balance sheet is inefficient. Emphasize that an account is a device for recording the effects of transactions under one title.	Transparency Master 6, "Ledger Accounts"
2. explain the relationship of each ledger account to the accounting equation;	Develop examples of this relationship on the chalkboard and/or on the overhead transparency.	
3. apply the principles of debit and credit to the accounts (assets, liabilities, and owner's equity);	Have the students analyze transactions and identify the accounts to be debited and credited Use an analysis chart to apply the principles of debit and credit to the balance sheet accounts.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Have the students use an analysis chart to analyze transactions and identify the accounts to be debited and credited.	Transparency Master 7, "T-Accounts"
4. use T-accounts to show increases and decreases in asset, liability, and owner's equity accounts;	Illustrate the concepts and procedures of recording changes in asset, liability, and owner's equity accounts by using simulated account forms called T-accounts. Place T-accounts in columns to assist students to visualize the equality of debits and credits in the transaction being analyzed.	
	Have the students complete in notebooks the same examples of these concepts and procedures.	Transparency Master 8, "Cash"
	Drill the class for understanding these concepts: -Asset accounts have debit balances; -Liability accounts have credit balances; -Capital account (owner's equity) has credit balance; -The increase side of an account is the balance side; -The decrease side of an account is the side opposite the balance side.	
	Prepare flash cards/slides for asset accounts.	
	Prepare similar flash cards/slides for liability accounts.	Transparency Master 9, "Flash Cards for Asset Accounts and Liability Accounts"
		Transparency Master 10, "Flash Cards for Owner's Equity Accounts"
5. apply the principles of debit and credit to the income statement accounts (revenue, expenses);	Have the students analyze transactions and identify the accounts to be debited and credited.	Transparency Master 5, "Summary of Rules for Debits and Credits"
	Use an analysis chart to apply the principles of debit and credit to the income statement accounts.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Have the students use an analysis chart to analyze transactions and identify the accounts to be debited and credited.	Analysis chart same as that used for balance sheet accounts
6. use T-accounts to show increases and decreases in revenue and expense accounts.	Illustrate the concepts and procedures of recording changes in revenue and expense accounts by using simulated account forms called T-accounts. Place T-accounts in columns to assist students to visualize the equality of debits and credits in the transaction.	
	Prepare flash cards/slides for revenue accounts.	Transparency Master 11, "Flash Cards for Revenue Accounts"
	Prepare flash cards/slides for expense accounts. Drill the class for understanding of these concepts: -Asset accounts have debit balances; -Liability accounts have credit balances; -Capital account (owner's equity) has credit balance; -Revenue accounts have credit balances; -Expense accounts have debit balances; -The increase side of any account is its balance; -The decrease side of any account is the side opposite the balance side.	Transparency Master 12, "Flash Cards for Expense Accounts"
II. THE BASIC ACCOUNTING CYCLE		
A. Source Documents		FUNCTIONS OF SOURCE DOCUMENTS
The student should be able to:	Stress that information about transactions that affect assets, liabilities, owner's equity revenue, and expenses is obtained from source documents.	1. To initiate the accounting cycle 2. To provide the accountant with information needed for making accounting entries
1. understand the importance of and the need for source documents;	Discuss the functions of source documents.	3. To act as a basic proof if records are questioned 4. To provide additional information not recorded in accounting records

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. identify source documents;	List and explain documents: receipts, cheques, invoices, etc.	Examples of source documents from business
	Show source documents on an overhead projector so that the entire class can study them.	Facsimilies of source documents
	From a list of transactions involving sales, purchases, cash receipts, and cash payments have students identify the source document that initiated the transaction.	
3. prepare source documents;	Stress the importance of preparing a source document for every business transaction at the time the transaction is completed.	
	Have the students prepare cheques to pay accounts, receipts to acknowledge the receiving of cheques or cash, etc.	
4. demonstrate the ability to file and to retrieve source documents;	Discuss filing systems for various types of source documents. Stress the importance of being able to file documents accurately and to locate them quickly.	Examples of filing systems for source documents
5. use calculators to check the mathematical accuracy of source documents;	Emphasize the reasons for checking source documents such as invoices to verify mathematical accuracy.	Examples of invoices for checking accuracy of source documents on a calculator
	Demonstrate the correct method of using calculators to check the accuracy of invoices.	
6. analyze the debit and credit parts of business transactions from given source documents.	Using source documents, facsimiles of source documents, or lists of source document names for cash and credit sales, cash and credit purchases, cash receipts from customers, and cash payments to creditors, have the students give the correct debit and credit analyses for the documents.	Examples of source documents from business or facsimilies of source documents; overhead transparencies of source documents

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
B. Journal	Explain why business transactions should be recorded in a journal.	
The student should be able to:	Emphasize these points:	
1. understand the need for and the importance of a journal;	-the need for a chronological record of business transactions to present the daily history of the business; -the need for more complete information; -the need for an effective means of locating errors; -the need for a system of providing evidence of the transactions if source documents are lost.	
2. record journal entries resulting from business transactions;	Review and discuss the relationship of source documents to the journal entries.	
	Use familiar transactions from problems completed in previous sections.	
	Explain the nature of the journal entry in terms of changes in the accounting equation and in the ledger.	
	Have the students analyze each transaction in relation to source documents, the accounting equation and the ledger.	
	Provide students with an analysis sheet on which to record each transaction before preparing the journal entry.	Transparency Master 13, "Analysis Sheet"
	Discontinue the analysis sheet after the students understand the use and the sequence of analyzing the transaction in relation to the accounting equation and the ledger accounts before recording the journal entry.	
	Record entries on journal form on the chalkboard or on the transparency.	Transparency of journal

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Have the students record neatly the same entries in journal form in notebooks. Stress the correct procedure and sequence of recording entries in the journal. Stress that when one account is debited for an amount, some other account is credited for the same amount. Prepare a chart/transparency of Procedure and Sequence of Recording Journal Entries. Use simple examples. Stress understanding, not memorization.	PROCEDURE AND SEQUENCE OF RECORDING JOURNAL ENTRIES 1. Note the date of the source document. 2. Record debit account title at the date margin. 3. Record the amount in the Debit column (left-hand column). 4. Record credit account title a half inch from the date margin. 5. Record the amount in the Credit column (right-hand column) 6. Record the explanation of the transaction.
	Use written and oral drills to strengthen the concepts of journalizing. Have students assist with the preparation of flash cards, overhead transparencies, write-on slides, etc.	Flash cards, overhead transparencies, write-on slides for drill on debit and credit concepts of journalizing Use large, poster-size flash cards. Print transaction in large letters on one side and the solution on the other side.
3. follow appropriate checking and correcting procedures for preparing accounting proofs to the journal.	Use a calculator to check the mathematical accuracy of the equality of debit and credit columns in the general journal. Illustrate and discuss the use of 'pinhead' footings.	
C. Ledger The student should be able to: 1. understand the need for and the purposes of the ledger;	Explain and discuss the purposes of the ledger. Prepare a chart/transparency of the Purposes of the Ledger.	PURPOSES OF THE LEDGER 1. To sort the journal entries into accounts 2. To summarize the effect of transactions on accounts 3. To show in one place the total amount of each account 4. To supply account balances to prepare an up-to-date balance sheet and income statement

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. prepare a chart of accounts;	Stress the following points: -The chart of accounts outlines the order of accounts in the ledger; -The accounts in the chart of accounts are arranged in the same order as they appear on financial reports to make them easy to locate; -The chart of accounts serves as a guide in journalizing by identifying the account titles to be used when recording business transactions. Explain how and why ledger accounts are numbered. Emphasize that the systems for numbering accounts vary with the type of business.	CHARTS OF ACCOUNTS Assets 101 through 199 Liability 201 through 299 Owner's Equity 301 through 399 Revenue 401 through 499 Expenses 501 through 599
3. state the purpose of each ledger account;	Discuss and illustrate the format of various types of ledger accounts. Have students prepare a bulletin board display. Explain the purpose of ledger accounts.	
4. post journal entries into the appropriate ledger accounts with cross references for each entry;	Demonstrate the steps in the posting procedure. Use the chalkboard and/or transparency (journal on the chalkboard and ledger accounts on the transparency) to demonstrate the posting procedure. Have the students complete the same procedure in journals and ledger accounts in notebooks. Stress neat, accurate work. Emphasize the importance of cross-referencing. Prepare a chart for Order of Posting and/or have the students record this information in their notebooks.	ORDER OF POSTING 1. Locate the ledger account for the first debit in the journal entry. 2. Enter the date of the journal entry in the Date column on the debit side of the ledger account. 3. Enter an explanation if one is needed to explain the entry. 4. Enter the journal initial and the page number in the Posting Reference column. 5. Enter the debit amount in the Debit money column. 6. Enter the number of the account in the Posting Reference column of the journal to show that the information has been posted.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
		7. Locate the ledger account for the next entry. If the next entry is a credit apply the procedure on the credit side of the account.
5. calculate the balance of each ledger account after an entry is posted;	Demonstrate and discuss the method and steps of calculating balances for ledger accounts. Have the students complete the same calculations.	STEPS IN BALANCING AN ACCOUNT 1. Foot the debit column. 2. Foot the credit column. 3. Subtract the smaller footing from the larger footing to verify the account balance.
	Emphasize the use of a sharp pencil and 'pinhead' numbers in footing and balancing accounts.	Textbooks and business examples of footing and balancing accounts
6. follow appropriate checking and correcting procedures for preparing accounting proofs for a ledger account balance.	Use calculators to check the mathematical accuracy of the ledger account balances.	
	Stress this generally accepted accounting principle: The balance of an account will normally appear on the side of origin, that is, on the same side as that on which it shows in the accounting equation.	
	Prepare a poster, chart, notebook illustration, or transparency in this format to illustrate this accounting principle.	Class of Account — Type of Final Balance Normally Shown Assets — Debit balance Liabilities — Credit balance Owner's Equity — Credit balance Revenue — Credit balance Expense — Debit balance

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
D. Trial Balance The student should be able to: 1. understand the need for and the purpose of a trial balance;	Emphasize the need for determining the accuracy of postings from the journal to the ledger by proving the equality of debits and credits in the ledger. Discuss the following points: -Each entry in the journal is a double entry containing one or more debits and credits. The debit entries are posted to accounts in the ledger different from those to which the corresponding credit entries are posted. -The debits and credits should be equal in the journal and if the amounts are all correctly transferred to the ledger the total of the debit entries in the ledger will equal the total of the credit entries. -The device for verification of the accuracy of the work in posting from the journal to the ledger is the trial balance - a preliminary or trial adding of all amounts in the ledger to test the equality of all debit entries to all credit entries.	USES OF A TRIAL BALANCE 1. Proof that ledger is in balance 2. Step toward finding the profit or loss of a business
2. prepare a trial balance;	Emphasize the logic of the steps for preparing an accurate trial balance. Point out that a trial balance can be prepared at any time: daily, weekly, monthly. Demonstrate the preparation of a trial balance from a previously completed ledger or a teacher-prepared ledger. Have the students work along with the instructor at their desks. Use a step-by-step approach.	LOGICAL STEPS FOR AN ACCURATE TRIAL BALANCE 1. Prepare proof of each journal page. 2. Prepare proof of each account balance in the ledger. 3. Copy account titles, account numbers, and balances in proper form. 4. Add the trial balance and check the accuracy of totals.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Take the class through five basic steps in demonstrating the preparation of a trial balance. Prepare a chart of the basic steps for preparing a trial balance. Have the students compare the three items in the heading of the trial balance with the items in the heading of the balance sheet. Following an initial demonstration ask students for the information and/or have a student demonstrate an entry. Point out that the single line in accounting indicates that all the amounts above the line are to be totalled. Explain that the trial balance is in balance when the two totals are equal. Explain that a double ruling in accounting indicates that the work that is above the double line is complete and correct. Emphasize to the class that when a trial balance is in balance it proves only that the debits in the ledger equal the credits -- it does not prove the complete accuracy of the accounting records. Have the students prepare a "quick trial balance" using the zero-proof method with a calculator and tape.	BASIC STEPS FOR PREPARING A TRIAL BALANCE 1. Write the heading: -name of organization/business -title of form (trail balance) -date of trial balance. 2. Enter in the trial balance each account in the ledger (name, and balance). 3. Rule a single line across both columns. 4. Add each amount column. 5. Rule a double line across the amount columns.
3. follow appropriate checking and correcting procedures for locating and correcting errors in the trial balance;	Discuss sources of errors in posting. Prepare a chart of Sources of Posting Errors.	SOURCES OF POSTING ERRORS 1. Entire transaction not posted 2. Either the debit or credit part of a transaction not posted 3. Posting to the correct side but to the wrong account 4. Posting to the wrong side of an account

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
		5. Calculating balance incorrectly 6. Transposing figures
	Explain methods of identifying and correcting errors in trial balances.	METHODS OF LOCATION AND CORRECTION OF ERRORS
	Have class work from trial balances containing errors.	1. Re-add both sides of the trial balance.
	Prepare a chart of Methods of Location and Correction of Errors.	2. Find the difference between the totals of the trial balance columns. Check in the ledger to determine if the amount of the difference is an account balance omitted from the trial balance. 3. Divide the amount of the difference between the two totals of the trial balance by 2. Check the accounts to see if this amount has been recorded on the wrong side. 4. Divide the amount of the difference between the two totals of the trial balance by 9. If the difference is divisible by 9, check for transposition of numbers. 5. Compare the balances on the trial balance with balances in ledger accounts. 6. Check the pencil footings and the account balance in the ledger. 7. Verify the posting of each item in the journal.
4. classify the types of accounts in the trial balance and name the normal side of each account balance.	Drill the classification of accounts and the debit and credit nature of the account balances.	

GOALS AND OBJECTIVES

E. Worksheet

The student should be able to:

1. understand the need for and the purposes of a worksheet;
2. prepare a six-column worksheet.

TEACHERS' NOTES AND SUGGESTED ACTIVITIES

List and discuss the functions of the worksheet:

-Emphasize that the worksheet is a convenient means of sorting accounts into different account classifications (income statement columns and balance sheet columns).

-Point out that it is a means of calculating the net income (or net loss).

-Stress that at the end of the accounting cycle the temporary Owner's Equity accounts are closed and their balances transferred to the summary account. These data are grouped in the Income Statement columns of the worksheet.

-Point out that this function of the worksheet is applicable to a merchandising business through the preparation of a ten-column worksheet covered in Section IX, completion of the Accounting Cycle.

Discuss the reasons for the worksheet:

-All the data required for preparing both the Income Statement and the Balance Sheet appear on the worksheet.

-Point out that the worksheet is an organized way of dealing with end-of-cycle entries and reports through orderly and logical steps.

Explain and illustrate that the worksheet shows the whole picture in one place -- the trial balance, the net income, data for the income statement, and data for the balance sheet.

Use trial balances prepared in previous problems to prepare six-column worksheets.

Review the classification of accounts.

SUGGESTED MATERIALS

FUNCTIONS OF A WORKSHEET

1. Sorting device

INCOME STATEMENT		BALANCE SHEET	
Expense	Revenue	Assets	Liabilities and Owner's Equity

2. Calculating device
3. Source of data for closing entries
4. Device for making adjusting entries

REASONS FOR WORKSHEET

1. Aids in preparing the financial statements
2. Provides for organization of accounting data
3. Shows the total picture of accounting information

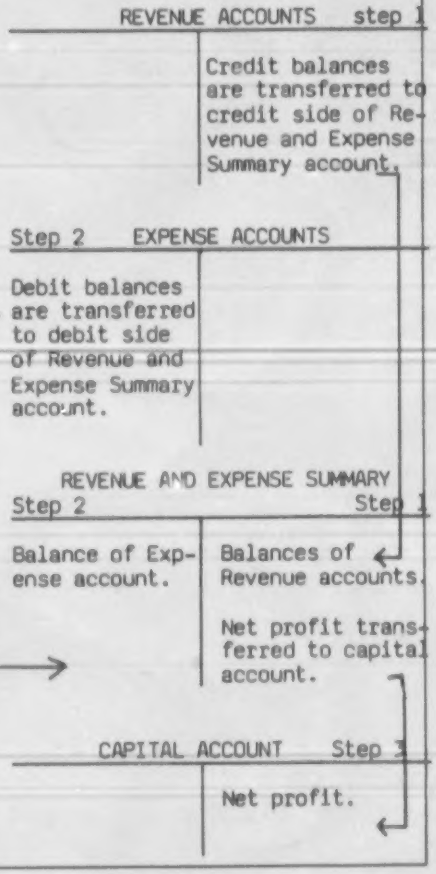
GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	During the initial presentation of the worksheet, place the trial balance on a transparency/chalkboard using one colour for asset accounts, another for liability and owner's equity accounts, a third for revenue accounts, and a fourth for expense accounts. The colours help guide the student to the correct classification columns. Develop the first worksheet through a step-by-step class presentation. Have students complete the same worksheet in their notebooks. During the step-by-step presentation, stress the distribution and sorting device features of the worksheet - a convenient analysis paper. Prepare an overhead transparency sheet or cardboard strip of headings for use at the chalkboard. Emphasize that the worksheet is a working paper that may be prepared in pencil. The worksheet is a good teaching device which gives the students a comprehensive understanding of the interrelationship of accounts. Emphasize a step-by-step approach in preparing the six-column worksheet. Prepare a chart of the Steps in Worksheet Preparation. Stress the classification of the amounts in the Trial Balance column by extending them into Income Statement and Balance Sheet columns.	STEPS IN WORKSHEET PREPARATION 1. Write the main heading to answer the questions: WHO? WHAT? WHEN? 2. Record the trial balance. 3. Extend each item from the trial balance to the proper statement column. 4. Determine and record net income in the income statement debit column. 5. Record net income in the balance sheet credit column. 6. Rule double lines.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
F. Financial Statements The student should be able to: 1. understand the need for and the purpose of an income statement and a balance sheet;	Discuss the overall purpose of financial statements: -Provision of financial information about the business to the owners, management, creditors and government. Emphasize the main purpose of each statement. Prepare bulletin board displays (notations) of the purpose of each statement.	PURPOSE OF INCOME STATEMENT To show operating results for a business over a period of time PURPOSE OF BALANCE SHEET To present the financial position of a business at a specific date
2. prepare income statements from information in six-column worksheets;	Instruct the students to accordion-fold the worksheet between each pair of columns. This places the data in the Income Statement columns close to the account titles when preparing the Income Statement.	Worksheets prepared for previous assignments
	Develop the Income Statement through a step-by-step class presentation.	Transparency Master 14, "Steps in Preparing an Income Statement"
	Have the students prepare the same Income Statement in their notebooks. Stress that all the information needed to prepare the Income Statement is available from the two Income Statement columns of the worksheet. Prepare a chart/transparency of Steps in Preparing an Income Statement and/or have students record this information in their notebooks.	
3. prepare balance sheets in account and report forms from information in six-column worksheets;	Instruct the students to accordion-fold the worksheet between each pair of columns. This allows the students to place the data in the Balance Sheet columns close to the account titles when preparing the Balanch Sheet. Demonstrate the preparation of the Balance Sheet in account form, then in report form through a step-by-step approach.	Worksheets prepared for previous assignments

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Have the students prepare the same Balance Sheet forms in their notebooks. Emphasize that all the data required to prepare a Balance Sheet (account and report form) are available from the two Balance Sheet columns of the worksheet. Teach the student to work methodically and accurately by starting at the top of the Balance Sheet columns of the worksheet and by checking off each amount in these columns as it is required for the Balance Sheet. Prepare a chart/transparency of Steps in Preparing a Balance Sheet and/or have students record this information in their notebooks.	STEPS IN PREPARING A BALANCE SHEET 1. Prepare the heading to answer the questions: Who? What? When? 2. Prepare the Assets section. 3. Prepare the Liabilities section. 4. Prepare the Owner's Equity section. 5. Prove and rule the Balance Sheet.
4. analyze the performance and the position of businesses from income statements and balance sheet.	Discuss the following: -information in financial statements assists the owner of the business to make management decisions; -financial statements provide information about the business to persons outside the business. Have students work in pairs and/or groups to analyze and discuss financial statements and to make predictions on the information contained in financial statements. Provide opportunities for students to share the predictions with the class.	QUESTIONS ANSWERED BY FINANCIAL STATEMENTS 1. What does the business own? 2. What debts does the business owe? 3. Is net income increasing/decreasing? 4. Should selling prices be increased/decreased? 5. Should more money be invested in the business?
G. Closing the Ledger The student should be able to: 1. understand the need for and the purpose of closing the ledger;	Have the students refer to previously completed ledgers and balance sheets, prepared from the information in the ledger. Ask the students to compare the balance of the capital account in the general ledger with the reported final capital balance in the balance sheet, and to note the difference between the recorded amounts. Question the students to determine the reason(s) for the difference.	PURPOSE OF CLOSING ENTRIES 1. To transfer the net income or the net loss for a period of time into the capital account so that the owner's equity is accurately reported and shown each fiscal period. 2. To assist in the preparation of the Income Statement.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Explain how closing entries will update the balance of the capital account in the general ledger. Emphasize the importance of preparing the ledger for the next accounting period by clearing the revenue accounts and the expense accounts of their balances.	3. To close all open accounts containing elements of revenue and expenses so that all such accounts are balanced, closed, and "emptied" for the period for a fresh start in the subsequent accounting period.
	Review these concepts before preparing the closing entries: -the reason that the capital account is not used for recording revenue expenses; -the use of revenue and expense accounts to store detailed information; -the reason that revenue and expense accounts are designed as temporary capital accounts.	
2. record closing entries for the journal:	Provide the students with a ledger that is ready to close. Use a ledger prepared by students in working through the accounting cycle from opening entries to the preparation of financial statements. Use a ledger, worksheet, and related balance sheet from previously completed assignments, or a teacher-prepared ledger, worksheet, and related balance sheet. Teach the meaning of a "closed" account by demonstrating when an account is closed and how it is closed by preparing and posting a journal entry. Present the use of the new account, Revenue and Expense Summary, showing how this account is used as a "clearing account" and how it summarizes the net income or net loss and thus allows only one net amount to be transferred to capital rather than all the individual balances in the revenue and the expense accounts.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
(a) prepare journal entries to close revenue accounts,	Have the students follow the teacher's step-by-step demonstration to close the revenue accounts into the Revenue and Expense Summary Account with a journal entry posted immediately. Have the students complete the same step-by-step work at their desks.	Ledger, worksheet, journal
(b) prepare journal entries to close expense accounts,	Have the students work with the instructor step-by-step to close the expense accounts into the Revenue and Expense Summary Account with the journal entries posted immediately.	Ledger, worksheet, journal
(c) prepare journal entries to transfer net income or net loss to the capital account,	Determine the net income or net loss in the Revenue and Expense Summary Account. Close the Revenue and Expense Summary Account into the capital account with the journal entry posted immediately.	Ledger, worksheet, journal
	Demonstrate each of the steps in the closing procedure by showing the following: -the information for each closing entry being taken from the worksheet; -the closing entry being made in the journal; -the effect of posting the closing entries to the ledger accounts.	
	Demonstrate, using a step-by-step procedure with student involvement, how each and all of the accounts will appear after closing and after ruling.	Ledger, worksheet, journal Textbook illustrations

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Emphasize that the major steps in preparing the closing entries are as follows: -preparing a closing entry for all accounts with credit balances shown in the Income Statement credit amount column of the worksheet; -preparing a closing entry for all accounts with debit balances shown in the Income Statement Debit amount column of the worksheet; -preparing a closing entry to record the net income (or net loss) in the capital account and to close the Revenue and Expense Summary account.	STEPS TO CLOSE REVENUE AND EXPENSE ACCOUNTS  REVENUE ACCOUNTS step 1 Credit balances are transferred to credit side of Revenue and Expense Summary account. Step 2 EXPENSE ACCOUNTS Debit balances are transferred to debit side of Revenue and Expense Summary account. REVENUE AND EXPENSE SUMMARY Step 2 Step 1 Balance of Expense account. Balances of Revenue accounts. Net profit transferred to capital account. CAPITAL ACCOUNT Step 3 Net profit.
(d) prepare journal entries to transfer the drawing account to the capital account;	Demonstrate, using a step-by-step approach with student involvement. Transfer the drawing account into the capital account with the journal entry posted immediately.	
3. post closing entries to the ledger accounts.	Emphasize the need to post each journal entry immediately following the preparation of the entry.	
	Prepare a chart/transparency of steps to close revenue and expense accounts and/or have the students record this information in their notebooks.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
H. Post-Closing Trial Balance The student should be able to: 1. understand the need for and the purpose of the post-closing trial balance;	Discuss the need to prepare a post-closing trial balance to check the mathematical accuracy of the ledger and to prove that total assets minus total liabilities equals net owner's equity (capital).	PURPOSE OF A POST-CLOSING TRIAL BALANCE To determine if the ledger is in balance before the recording of the transactions for the next fiscal period
2. prepare a post-closing trial balance.	Refer the students to copies of a closed or ruled ledger. Use a step-by-step approach, with student involvement, to prepare the post-closing trial balance. Point out that the accounts appearing on the post-closing trial balance are permanent accounts. Show the students that the accounts listed on the post-closing trial balance and their balances are the same as those appearing on the balance sheet.	Closed and ruled ledgers from the previous assignments
III. SYSTEMS AND PROCEDURES TO CONTROL AND TO RECORD CASH RECEIPTS		
A. Systems to Control Cash Receipts	Identify and explain the following needs and purposes to control cash receipts:	Case studies which illustrate the reasons for controlling cash receipts
The student should be able to: 1. understand the need for and the purpose of cash control;	- To control theft, fraud, and errors made by people within the business; - To provide a more efficient use of employee time. Stress the need for control of cash in all types of business organizations.	
2. identify, explain, and apply the accounting principles of cash control;	Emphasize and discuss the principles of cash control. Use the principles of cash control where applicable in the study of accounting.	PRINCIPLES OF CASH CONTROL 1. Deposit all cash daily. 2. Use a petty cash fund. 3. Separate the tasks of recording and handling cash received.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Stress the control measures required for depositing cash.	4. Create serially numbered source documents for cash received. 5. Prepare a daily cash proof. 6. Use periodic audits. 7. Prepare bank reconciliation statements.
	Prepare a chart/transparency of Principles of Cash Control and/or have the students record this information in their notebooks.	
3. prepare daily cash proofs.	Illustrate and emphasize the procedure for preparing daily cash proofs.	
B. Systems to Record Cash Receipts The student should be able to:	Illustrate and discuss the repetitive debit entries for a series of entries to Cash in the general journal.	
1. understand the need for and the purpose of a cash receipts journal;	Call attention to the need to post the Cash entries several times from the general journal to the ledger.	General journal, Cash T-accounts, transactions resulting in debits to Cash
	Encourage the students to explain the need for a more efficient way to record cash receipts and to post the total cash received once at the end of the month.	
2. identify and record source documents;	List and explain the source documents for cash receipts: cash register tapes, sales slips, cheques, money orders, receipts, etc.	
	Demonstrate on the overhead or the chalkboard how to journalize cash receipts in the cash receipt journal.	Transparency/poster of the cash receipts journal
	Have the students complete the same entries.	
	Emphasize these concepts: - the space saved by using a cash receipts journal; - the convenience provided by the rulings in the cash receipts journal.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
3. total, rule, and post from the cash receipts journal.	Demonstrate the procedure for totalling and ruling the cash receipts journal. Emphasize the importance of: - totalling and checking the arithmetic accuracy of the single money column; - retention of the double-entry system in the cash receipts journal. THE SINGLE TOTAL OF THE CASH, DEBIT, AGREES WITH THE TOTAL OF THE INDIVIDUAL CREDIT ENTRIES. Demonstrate the procedures for posting the individual credit entries and the cash total to the debit of cash. Have the students complete the same entries.	Examples of cash receipts journals from businesses and in textbooks
IV. SYSTEMS AND PROCEDURES TO CONTROL AND TO RECORD CASH PAYMENTS		
A. Systems to Control Cash Payments	Identify and explain the same needs and purposes listed to control cash receipts.	Case studies which illustrate the reasons for controlling cash payments
The student should be able to:		
1. understand the need for and the purpose of cash disbursements (payments) controls;		
2. identify, explain, and apply the accounting principles of cash control;	Review the principles for cash control presented in the section, "System to Control Cash Receipts." Stress the principles for internal control of cash payments. Prepare a chart/transparency of Principles for Internal Control of Cash Payments and/or have students record this information in their notebooks.	PRINCIPLES FOR INTERNAL CONTROL OF CASH PAYMENTS 1. Verify and approve all invoices for payment. 2. Make all payments of material amounts by cheque. 3. Use only serially numbered cheques for full accountability.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Stress advantages of making payments by cheque.	4. Cancel all supporting documents paid by cash. 5. Divide the responsibility of handling cheques and for recording payments. 6. Prepare daily cash proofs of cash balance.
3. prepare daily cash proofs.	Illustrate and emphasize the procedure for preparing daily cash proofs.	
B. Systems to Record Cash Disbursements The student should be able to:	Begin this section by entering transactions for payments of Cash into the general journal.	General journal, Cash T-account, transactions resulting in credits to cash
1. understand the need for and the purpose of cash payments journal;	Illustrate and discuss the repetitive credit entries to Cash in the general journal.	
	Call attention to the need to post the Cash Credit entries several times from the general journal entries to the ledger.	
	Encourage the students to explain the need for a more efficient way to record cash payments and to post the total cash paid once at the end of the month.	
2. identify, complete, and record source documents;	Stress the following procedures: -verifying and approving invoices; -issuing cheques; -cancelling bills paid; -mailing signed cheques; -preparing cheque records.	Examples of forms (invoices, cheques, cheque records)
	Emphasize the following during the recording of cash payments: -reasons for disbursing cash; -format of cash payments; -method of recording transactions for cheque stubs in cash payments journal.	Cheque stubs Chart of cash payments journal

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Prepare a cash payments journal on the chalkboard or on an overhead transparency.	Cash payments journal
	Use a step-by-step approach during recording of cash payments.	
	Have the students complete the same entries in their notebooks.	
3. total, rule, and post from the cash payments journal.	Stress and demonstrate a step-by-step procedure for: -posting of debit entries (reason why debit); -totalling and ruling amount column; and -posting total cash payments (reason why credit). Have the students complete these steps.	Example of cash payments journal posted, totalled, and ruled
V. PETTY CASH		
A. Systems to Control Petty Cash	Discuss the purposes of the petty cash fund.	
The student should be able to:		PURPOSES OF THE PETTY CASH FUND
1. understand the need for and the purposes of a petty cash fund;		1. To take care of small cash payments 2. To avoid the time and the cost of making small payments by cheque
2. understand the need for and the purpose of petty cash vouchers;	Discuss and explain the format and the purpose of petty cash vouchers.	Examples of petty cash vouchers
B. Systems to Record Petty Cash	Emphasize: -the issuing of a cheque to establish the petty cash fund; -the recording of the amount of the petty cash fund in the petty cash book; -the purpose and/or use of a petty cash box or drawer.	Examples of cheques and cheque stubs
The student should be able to:		
1. record the establishment of a petty cash fund;		Examples of petty cash books/ page(s) from a petty cash book and petty cash vouchers

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Have students prepare a flow chart to illustrate the procedure for establishing a petty cash fund.	
2. maintain a petty cash book;	Emphasize the: -format of a typical petty cash book; -format of a petty cash voucher; -procedure for transferring information given on a voucher into the petty cash book.	
	Use a step-by-step approach to instruct students to enter information into the petty cash book.	
	Have the students prepare the same entries at their desks.	
3. replenish the petty cash fund.	Emphasize the following: -the procedure for totalling and ruling the petty cash fund columns in the petty cash book to determine the cash paid out and the cash on hand;	Petty cash book/page(s) from a petty cash book
	-verification of the total of the cash on hand with the total of the cash column in the petty cash book;	
	-issuance of a cheque to replenish the petty cash fund to its original amount;	Cheques and cheque stubs
	-recording the transaction of replenishing the petty cash fund in the appropriate journal and in the petty cash book.	Example of journal and petty cash book/page(s) from petty cash book
VI. BANK RECONCILIATION		
A. Purpose The student should be able to: 1. understand the need for and the purpose of a bank reconciliation statement.	Review and/or teach the procedure for opening accounts in banks on other financial institutions; preparation of deposits and deposit slips; processing of deposits by financial institutions; procedure for writing cheques; and recording information on cheque stubs.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Emphasize that a bank reconciliation is an integral part of any business' overall system for the effective control of cash. Stress the importance of the cash control aspect as well as the method of preparing a bank reconciliation statement. Discuss the principles of using chequing accounts as a part of any business' system for the control of its asset, Cash. Prepare a chart of and/or have students recording their notebooks the Principles for Using Chequing Accounts.	PRINCIPLES FOR USING CHEQUING ACCOUNTS 1. The financial institution is a custodian of the funds of a business. 2. The funds of a business on deposit with a financial institution represent a debt (liability) owing by the financial institution to the business. 3. The debt (liability) on the records of the financial institution increases each time the business makes deposits, and this debt (liability) decreases each time the business writes cheques on the financial institution. 4. The amount of indebtedness of the financial institution to the business appears as an asset reflected by the Cash account maintained in the records of the business. 5. Two independent records (financial institution and business) of Cash are kept to control the asset, Cash. Therefore an identical figure for Cash should appear in both sets of books.
	Discuss the need to prepare a statement to correct any errors/discrepancies existing between the two sets of records. Compare a copy of the financial institution's record (monthly statement) with the records of the business (the chequebook and the ledger account for Cash).	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
B. Preparation The student should be able to: 1. identify the sources of information required for the preparation of a bank reconciliation statement;	Explain how to analyze a monthly bank/financial institution statement and the forms enclosed with the statement. Discuss the significance of outstanding cheques, cancelled cheques, deposits in transit, dishonoured cheques; bank memoranda, service charges, errors. Take the students through a problem by checking and comparing a monthly bank/financial institution statement against the information in the chequebook record for the business. Explain that this is a sorting process. Emphasize: -the purpose and the format of a monthly bank/financial institution statement; -the procedure of verifying the cash account balance with the chequebook balance; -the purpose of the bank reconciliation statement.	Examples of monthly statements and forms
2. prepare a bank reconciliation.	Emphasize: -the purpose of the bank reconciliation statement; -the procedure and format for preparing a bank reconciliation statement.	
	Use the standard reconciliation form found on the reverse side of bank/financial institution statements or two-column journal paper.	Reconciliation forms
	Demonstrate the preparation of the reconciliation statement. Have the students prepare the same reconciliation statement. Point out that the reconciliation statement must show a reconciliation of the cash balance: the adjusted bank balance must agree with the adjusted chequebook balance as at the date of reconciliation.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
C. Recording The student should be able to:		PURPOSE OF THE ADJUSTING ENTRIES FOLLOWING THE RECONCILIATION STATEMENT
1. understand the need for and the purpose of entries to adjust the cash account and the cheque stub balance;	Explain the purpose of the adjusting entries to to be made following the completion of the reconciliation statement.	1. To bring the balance of the latest chequebook record into agreement with the adjusted chequebook balance on the reconciliation statement 2. To update the cash account in the ledger by journalizing and posting the adjusting entries
2. record the entries to adjust the cash account;	Emphasize that the source of these entries is in the section of the reconciliation statement that reconciles the cash balance of the business and not of the bank/financial institution.	
3. adjust/correct the cheque stub balance.	Demonstrate the method of adjusting/correcting the chequebook (cheque stub balance).	
VII. PAYROLL SYSTEM (OPTION)		
A. Purpose and Components The student should be able to: 1. understand the need for and the purpose of the payroll system;	Explain the need to organize an efficient payroll accounting system to control various payroll systems and to maintain adequate payroll records as required by law.	Examples of payroll system used in the community
2. understand and explain the components of a payroll system.	Discuss and emphasize the components of a payroll system.	COMPONENTS OF A PAYROLL SYSTEM 1. Procedures for timekeeping and computing earnings 2. Calculating deductions from gross earnings 3. Recording the payroll 4. Maintaining payroll records 5. Disbursing payments to employees, governments, and other agencies

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
B. Calculations The student should be able to: 1. compute gross earnings;	Discuss the responsibility of the employee to acquire a Social Insurance Number, and the responsibility of the employer to have the new employee complete a TD 1 tax form. Explain that the TD 1 form is an authorization form to deduct the correct rate of income tax.	Forms related to Social Insurance numbers TD 1 form
	Discuss how common salary/wage plans determine the gross earnings of employees.	
	Have the students identify, through discussion, various salary/wage plans: hourly-rate plan, salary plan, commission plan, piece-rate plan, and combination of plans (salary-commission).	Examples of these plans from the community and from textbooks (accounting and business mathematics)
	Explain factors that affect the employee's hours of work and wages: -contract of employment; -agreement between an employer and a union (if applicable); -government legislation.	Examples of employment contracts Example of agreement between employer and union (an employee handbook)
	By the British North America Act the power to enact and control labour legislation is largely under provincial jurisdiction. Provincial legislation establishes hours of a work week and minimum wages.	
	Point out and discuss the reason for timekeeping. The record of hours worked may be in the form of a time card for employees paid by the hour and an attendance record for employees paid on a salary basis.	REASON FOR TIMEKEEPING Law requires an employer to keep a complete record of the hours worked by an employee.
	Demonstrate the computation of gross earnings for various salary/wage plans and discuss the concept of gross earnings.	Problems for textbooks
	Point out that gross earnings may be calculated by a program stored in a computer and discuss computer applications to payrolls.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. determine payroll deductions;	Prepare chart of a Priority Schedule of Payroll Deductions for use in teaching payroll deductions.	PRIORITY SCHEDULE OF PAYROLL DEDUCTIONS 1. Deductions required by law 2. Deductions required by collective bargaining agreements. 3. Voluntary deductions authorized by the employee
	Identify deductions required by law: - Unemployment Insurance; - Canada Pension Plan; - federal and provincial income tax deductions;	Contribution tables for Unemployment Insurance and Canada Pension Plan supplied Revenue Taxation (available from the nearest district taxation office) Teaching Taxes Kit Information Services Branch Revenue Canada Taxation 875 Heron Road Ottawa, Ontario K1A 0L8
	- provincial health insurance plan; - garnishments and government demands on employee's earnings. Identify deductions required by collective bargaining agreements: - union initiation fees and dues Identify voluntary deductions authorized by the employee: -other pension plans; -group life insurance; -Canada Savings Bonds; -donations to community services; -savings in a credit union; -safety clothing; -other.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
3. calculate net pay.	Have the students calculate several examples of the employee's net pay.	Problems from textbooks
C. Recording The student should be able to:	Explain the three steps in recording the payroll.	STEPS IN RECORDING THE PAYROLL
1. identify the need for and the purpose of the payroll register;	Discuss the importance of the payroll register in preparing a summary of all the payroll data in one place.	1. Preparation of payroll summary - payroll register 2. Preparation of summary of details of each employee's earnings - employee's individual earnings record
2. prepare the payroll register;	Present the concept of the payroll register through an analysis of a payroll register drawn on the chalkboard or prepared on an overhead transparency.	3. Journalizing and posting the payroll to update the general ledger accounts affected by the payroll
	Discuss the fact that: -payroll registers are prepared for each payroll plan; -payroll registers vary in format and design from company to company (some are prepared manually and some by a computer); -content of a payroll register generally contains the names and identification numbers of employees, details of employee's gross earnings and deductions, and calculations of employee's net pay.	
	Prepare a payroll register from given data. Have the students prepare the same payroll register using a step-by-step approach.	Payroll register forms One-write system payroll register Computer payroll register
	Demonstrate and explain the procedure for proving the payroll register by adding and subtracting the appropriate totals across the register.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Explain that proving the payroll register before payment is made to employees and before journal entries are made to record the dollar amounts for each payroll is an important control measure.	
3. record the payroll information.	Explain the procedure and the importance of recording the details of each employee's earnings to the employee's individual earnings record.	Payroll register Employee's individual earnings record
	Demonstrate the procedure by recording the payroll data from the payroll register to one employee's individual earnings record.	
	Explain and demonstrate the procedure for using the payroll data from the proved payroll register to prepare a summary compound/combined journal entry.	
	Emphasize: -recording the payroll transaction in the general journal; -posting from the general journal to the appropriate general ledger accounts.	
D. Payment to Employees The student should be able to: 1. identify and explain various methods of payment;	Identify and explain the following methods of payment: cash payment (money currency); cheque payment; bank transfer; transfer to payroll account.	Examples of forms for various methods of payment
2. record payment of the payroll to employees.	Discuss and demonstrate the entry in the cash payments journal.	Cash payments journal
E. Other Payroll Disbursements The student should be able to: 1. understand the need for and the purpose of various payroll disbursements;	Explain that under federal law data pertaining to the amount of income tax withheld from employee's earnings, employee's and employer's contributions to the Canada Pension Plan, and the employee's and employer's Unemployment Insurance Premiums must be sent on a Form PD7AR to the Taxation Data Centre.	Form PD7AR-Tax Deduction-Canada Pension Plan-Unemployment Insurance Remittance Return

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. identify the various payroll disbursements;	Identify the following payroll disbursements: Canada Pension Plan; Unemployment Insurance; Income Taxes; other pension plans; premium for Group Insurance Payable and Union Dues Payable; and other disbursements.	
3. prepare documents to remit payroll disbursements;	Demonstrate the preparation of Form PD7AR and the certified cheque or money order made payable to the Receiver General of Canada. Have the students prepare the same documents.	Form PD7AR Cheque/money order sample
	Demonstrate the preparation of separate cheques for the remaining payroll contributions and premiums.	Payroll register Cheque samples
	Have students prepare the same documents.	Transparency Master 15, "Example of Journal Entry"
4. record payroll disbursements from source documents.	Discuss the analysis of the cash payment to the Receiver General of Canada in the form of a compound/combined journal entry to record this portion of the payroll disbursement. Demonstrate the preparation of the journal entry and the posting of the journal entry. Have the students complete the same entry and posting. Discuss, demonstrate, prepare, and post journal entries for the remainder of the payroll disbursements. Have the students complete the same entries and postings.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
F. Year-End Payroll Reporting The student should be able to: 1. understand the need for and the purpose of preparing T4 information forms;	Explain that every employer must file with the District Taxation Office a T4 Return - Statement of Remuneration Paid - by the last day of February immediately following the taxation year.	T4 Return - Statement of Remuneration Paid Teaching Taxes, available from Revenue Canada, Taxation, has an example of the T4 Return.
	Emphasize that the T4 Return shows an employee's total earnings for the year and deductions from taxable income. Discuss the disposition of the copies of the T4 Return.	DISPOSITION OF T4 RETURNS 1. Copy 1 sent to District Taxation Office 2. Copies 2 & 3 sent to employee 3. Copy 4 retained by employer
2. prepare a sample T4 information form from an employee's individual earnings record.	Demonstrate the preparation of a T4 return from the data available on an employee's individual earnings record. Have the students prepare a T4 return using a step-by-step approach.	
	Explain the procedure of balancing the T4 Returns to the company payroll expenses for the calendar on a T4-T4A Summmary. The T4-T4A Summary, summarizing all the T4 Returns, must be completed by every employer and filed with the District Taxation Office along with the T4 Returns.	T4 Return - Statement of Remuneration Paid Employee's Individual Earnings Record T4 - T4A Summary
	Note: Depending upon time available and upon the needs of the students, teachers may elect to provide some introductory instruction on the preparation of Personal Income Tax. Personal Income Tax is one of the topics in Accounting 302.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
VIII. SYSTEMS AND PROCEDURES FOR A MERCHANDISING BUSINESS		
A. Merchandising Business The student should be able to: 1. define merchandising business;	Define and discuss the term merchandising business.	DEFINITIONS OF A MERCHANDISING BUSINESS A merchandising business is a business that buys and resells goods OR a merchandising business is one that buys finished goods and sells them at a profit(increased prices)
2. identify and explain how a merchandising business differs from a service business;	Differentiate between merchandising and servicing businesses: -A merchandising business obtains its revenue from selling goods; -A service business obtains its revenue from selling services. Have the students identify businesses in the community and list them as merchandise or service businesses.	
3. identify the special accounts for a merchandising business;	Identify and discuss the special accounts for a merchandising business. (Differentiate between Transportation-In and Delivery Expense.)	SPECIAL ACCOUNTS FOR A MERCHANDISING BUSINESS 1. (Beginning) Inventory 2. Purchases 3. Transportation-In 4. Purchases Returns and Allowances 5. Purchases Discounts 6. (Ending) Inventory
	Explain the relationship of the special merchandising accounts by using a mathematical example.	Business Mathematics textbooks

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Prepare a diagram to illustrate the concept of cost of goods sold. Develop a poster/overhead transparency/handout of the diagram. Use visual aids to explain the Cost of Goods concept.	Transparency Master 16, "Cost of Goods Diagram"
	Refer to Cost of Goods Sold section of an Income Statement to explain the Cost of Goods concept.	Transparency Master 17, "Cost of Goods Sold Statement"
	Identify and discuss the following special accounts: Sales, Sales Returns and Allowances, Sales Discounts. Explain the relationship of the above accounts by using a mathematical example and equation.	NET SALES EQUATION Sales - (Sales Returns and Allowances + Sales Discounts) = Net Sales.
	Refer to the Revenue from Sales section of an Income Statement to show the relationship of these accounts in a financial statement.	Transparency Master 18, "Revenue from Sales" and "Special Journals for a Merchandising Business"
4. identify the special journals for a merchandising business.	Explain that the number and the design will vary depending upon the needs of a particular business.	
	Prepare a transparency/chart to identify and discuss the special journals used by a typical merchandising firm.	
	Identify and discuss the basic principles involved with all special journals.	BASIC PRINCIPLES FOR SPECIAL JOURNALS
	Prepare a display of special journals or pages from special journals.	1. Types of special journals are determined by the scope and nature of the operations of a business enterprise. 2. Special journals are needed only for the types of transactions that occur frequently. 3. Each special journal is designed to record a series of similar types of transactions.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
		4. Special journals should be cost effective, resulting in a saving of time and space.
	Discuss the advantages of using special journals. Use a practice set to illustrate the advantages of special journals.	ADVANTAGES OF SPECIAL JOURNALS 1. Permits better division of work (several journals make it possible for more than one person to work on the books at the same time). 2. Reduces number of postings (only one posting is made to purchases, sales, etc., regardless of the number of transactions). 3. Reduces detail and amount of space required to record transactions (a single line is adequate to journalize the necessary information for a transaction). 4. Decreases opportunities for errors; reduces number of times an amount is recorded by posting by total rather than individual amounts. 5. Makes easier the analysis and retrieval of data (transactions of a similar nature are concentrated in one place).
B. Systems and Procedures for Credit Sales The student should be able to: 1. identify the need for and the purpose of the sales journal;	Discuss the need for a special journal to record credit sales invoices for each monthly accounting period. Have the students identify, from examples, the need for a sales journal to list chronologically all credit sales. Demonstrate the repetitive nature of credit sales, especially for a merchandising business, to point out the advantages of using a special sales journal.	Examples of sales journals SALES JOURNAL is used to record credit sales (and cash sales) by designated categories e.g., foods, dry goods, hardware, etc.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. record the sales of merchandise in the sales journal;	Point out that in accounting practice the sales journal may have many different forms and names.	Examples of sales journals from different types of businesses
	The design of the sales journal acknowledges the specific type of revenue-making transactions (sales).	
	Discuss and analyze source documents: sales invoices. Have the students analyze the sales invoices in the form of a double entry.	Examples of source documents: sales invoices
	Demonstrate the recording of entries in the sales journal and have the students prepare the same entries.	
3. total and rule the sales journal;	Demonstrate, using a step-by-step approach, the totalling, ruling and cross-balancing of the sales journal and have the students total, rule, and cross-balance the sales journal.	Examples of sales journals totalled, ruled, and cross-balanced
		CROSS-BALANCING the sales journal page determines if the total of the debit columns equals the total of the credit columns.
4. identify the need for and the purposes of the accounts receivable ledger;	Discuss the purposes of the accounts receivable ledger.	Examples of accounts receivable ledgers.
		PURPOSES OF THE ACCOUNTS RECEIVABLE LEDGER 1. Contains customer's accounts 2. Provides for division of labour 3. Provides accounting control 4. Prevents overcrowding of the general ledger
5. open an accounts receivable ledger;	Demonstrate the opening of the accounts in the accounts receivable ledger and have students open the accounts in the accounts receivable ledger.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Emphasize the: -alphabetical order of customers in the accounts receivable ledger; -special information about customers (names and addresses of customers, credit limits of customers).	
6. post from the sales journal;	Discuss and explain information about postings: -posting as a controlling function; -posting daily to the accounts receivable ledger because of need for current balances; -posting monthly to the accounts receivable account in the general ledger when results of business operation are determined and financial statements are prepared. Demonstrate and have the students post from the sales journal.	Sales journals Accounts receivable ledgers General ledger
7. identify the need for credit memoranda;	Explain the need for and the purposes of credit memoranda.	Examples of credit memoranda CREDIT MEMORANDUM is a special statement granting a reduction in the invoice price for damaged/returned goods, or shortage of goods.
8. prepare credit memoranda;	Demonstrate the preparation of a credit memorandum. Have the students prepare a credit memorandum using a step-by-step approach. Analyze the credit memorandum.	Credit memorandum
9. record the sales returns and allowances;	Point out that it is common practice to record the sales returns and allowances in the general journal. Discuss and have the students demonstrate the debit and credit entries.	Credit memorandum General journal

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
10. post sales returns and allowances.	Demonstrate the posting procedure.	
	Emphasize that there is a double posting: to the controlling Accounts Receivable account in the general ledger; and to the individual customer's account in the accounts receivable ledger.	
C. System and Procedures for Cash Receipts	Discuss and analyze multi-column cash receipts journals.	Examples of multi-column cash receipts journals.
The student should be able to:	Explain the needs for and the purposes of the multi-column cash receipts journal.	PURPOSES OF MULTI-COLUMN CASH RECEIPTS JOURNAL
1. identify the need for and the purpose of a multi-column cash receipts journal;		1. Reduces the amount of writing because account titles are shown in the column headings. 2. Reduces errors because of one posting to the cash account for the total debits. 3. Controls cash receipts -- an important internal control system.
2. record payments received from customers;	Explain that each transaction must be supported by a source document that contains information about cash receipts for accounting purposes: cash register tapes, cash sales slips, remittance slips, cash proof forms, cheques. Discuss and demonstrate the recording of payments received from cash and credit customers. Have the students record similar entries for recording cash payments received from customers.	Cash receipts journal Examples of source documents: cash register tapes, cash sales slips, remittance slips, cash proof forms, cheques
3. rule, total, and prove cash receipts journal;	Demonstrate ruling, totalling, and proving of the cash receipts journal. Explain how to prove the money columns before the totals are posted to the general ledger.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
4. identify the need for an accounts payable ledger.	Discuss the purposes of the accounts payable ledger.	Examples of accounts payable ledgers. **PURPOSES OF THE ACCOUNTS PAYABLE LEDGER** 1. Contains creditors' accounts 2. Provides for division of labour 3. Provides for accounting control 4. Prevents overcrowding of the general ledger 5. Provides information pertinent to rotating the schedule of payments
5. open an accounts payable ledger;	Demontrate the opening of an accounts payable ledger. Have the students open the accounts payable ledger. Emphasize the alphabetical order of creditors in the accounts payable ledger, and the special information about creditors (names and addresses of creditors).	Examples of source documents
6. post from the purchases journal;	Emphasize posting as a controlling function; posting daily to the accounts payable ledger because of the need for current balances; and posting monthly to the account payable control account in the general ledger when results of business operations are determined and financial statements are prepared. Demonstrate, and have the students post from the purchases journal.	Purchases journal Accounts payable ledger

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
7. record and post transportation-in costs;	Discuss the relationship of transportation-in costs to the cost of merchandise. Emphasize that the transportation-in costs must be added to the purchase cost to obtain the cost of goods delivered.	Source documents
	Demonstrate the recording of transportation-in in the general journal or in specialized columns of the purchases journal.	Purchases journal
	Have the students record transportation-in costs in the general journal and in specialized columns of the purchase journal.	General ledger.
	Discuss and demonstrate the posting of transportation-in costs to the general ledger and to the accounts payable ledger.	Accounts payable ledger
	Have the students post transportation-in costs to the general ledger and to the accounts payable ledger.	
8. record purchases returns and allowances;	Discuss the source document, debit memorandum, for purchases returns and allowances.	Examples of debit memoranda DEBIT MEMORANDUM is a source document created by the buyer to notify the seller that the account payable has been decreased by the amount of the purchases return or allowance requested.
9. post purchases returns and allowances.	Emphasize the posting to the Accounts Payable control account in the general ledger and to the individual creditor's account in the accounts payable ledger.	General journal Accounts payable ledger General ledger

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Have the students rule, total, and prove the cash receipts journal.	
4. post to the accounts receivable ledger and the general ledger;	Demonstrate the posting from the cash receipts journal to the accounts receivable ledger and the general ledger. Have the students post to the general ledger and to the accounts receivable ledger, and prove the balance in both of the ledgers.	Cash receipts journal Accounts receivable ledger General ledger
5. review the need for and the purpose of the accounts receivable ledger;	Review the purposes of the accounts receivable ledger.	PURPOSES OF THE ACCOUNTS RECEIVABLE LEDGER 1. Contains customers' accounts 2. Provides for division of labour 3. Provides accounting control 4. Prevents overcrowding of the general ledger
6. open an accounts receivable ledger;	Review the procedure for the opening of the accounts in the accounts receivable ledger. Have the students open the accounts in the accounts receivable ledger. Emphasize the alphabetical order of customers in the accounts receivable ledger, and the special information about customers (names and addresses of customers, credit limits of customers).	
7. identify the need for and the purpose of the schedule of accounts receivable;	Explain that the schedule of accounts receivable checks the accuracy of posting to the accounts receivable ledger. Emphasize and discuss the features of the schedule of accounts receivable.	SCHEDULE OF ACCOUNTS RECEIVABLE is a list of all customer account balances, the total of which must agree with the controlling account balance.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
8. prepare a schedule of accounts receivable.	Demonstrate the preparation of a schedule of accounts receivable from the balances of accounts in the accounts receivable ledger. Have the students prepare the same schedule of accounts receivable.	FEATURES OF THE SCHEDULE OF ACCOUNTS RECEIVABLE 1. Contains a list of all customer account balances 2. Provides a total of customer account balances in the accounts receivable ledger which must agree with the balance of the accounts receivable control account in the general ledger
D. Systems and Procedures for Credit Purchases. The student should be able to: 1. identify the need for and the purpose of a purchases journal;	Discuss the need for a special journal to record credit purchases. Have the students identify, from examples, the need for a purchases journal to list chronologically all credit purchases. Demonstrate the repetitive nature of credit purchases, especially for a merchandising business, to point out the advantages of using a special purchases journal.	Examples of purchases journals PURCHASES JOURNAL is a special journal used to record all credit on account purchases of merchandise for resale.
2. record the purchases of merchandise in the purchases journal;	Explain that in accounting practice the purchases journal may have many different forms and names.	Examples of purchases journals from different types of businesses
	The design of the purchases journals is dependent upon the types of purchase transactions.	
	Discuss and analyze with students purchase invoices in the form of double entries.	Examples of purchase invoices
	Demonstrate and have the students prepare the recording of entries in the purchases journal.	
3. total and rule the purchases journal;	Demonstrate, using a step-by-step approach, the totalling and ruling of the purchases journal and have students rule the purchases journal.	Examples of purchases journals totalled and ruled
	Explain and demonstrate the procedure of cross-balancing the purchases journal. Discuss the importance of obtaining a cross-balance before the totals are posted to the general ledger.	CROSS-BALANCING a journal page determines if the total of the debit columns equals the total of the credit columns.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
E. Systems and Procedures for Cash Payments. The student should be able to: 1. identify the need for and the purpose of a multi-column cash payments journals;	Discuss and analyze multi-column cash payments journals. Explain the need for and the purposes of the multi-column cash payments journal as being the reduction of the amount of writing because account titles are shown in the column headings.	Examples of multi-column cash payments journals PURPOSES OF THE MULTI-COLUMN CASH PAYMENTS JOURNAL 1. Reduces the amount of writing because account titles are shown in the column headings. 2. Reduces errors because of posting of column totals to the general ledger at the end of the month. 3. Controls cash payments -- an important internal cash control system.
2. record payments to creditors;	Discuss and demonstrate the recording of payments made to creditors. Explain that each transaction must be supported by a source document that contains information about cash payments for accounting purposes: cheques.	Source document: cheques
	Have students record entries of payments to creditors in the cash payments journal.	Cash Payments Journal
3. rule, total, and prove the cash payments journal;	Demonstrate ruling, totalling, and proving of the cash payments journal. Explain how to prove the columns before the totals are posted to the general ledger. Have the students rule, total, and prove the cash payments journal.	General ledger Cash Payments Journal
4. post to the accounts ledger and the general ledger;	Demonstrate the posting and have the students post from the cash payments journal to the accounts payable ledger and the general ledger.	Cash Payments Journal Accounts payable ledger General Ledger
5. identify the need for and the purposes of a schedule of accounts payable;	Explain that the schedule of accounts payable checks the accuracy of posting to the accounts payable ledger. Emphasize and discuss the features of the schedule of accounts payable.	SCHEDULE OF ACCOUNTS PAYABLE is a list of all creditor account balances, the total of which must agree with the controlling account balance.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
		FEATURES OF THE SCHEDULE OF ACCOUNTS PAYABLE 1. Contains a list of all creditor account balances. 2. Provides a total of creditor account balances in the accounts payable ledger which must agree with the balance of the accounts payable control account in the general ledger.
6. prepare a schedule of accounts payable.	Demonstrate, and have the students prepare a schedule of accounts payable from the balances of accounts in the accounts payable ledger.	
IX. COMPLETION OF THE ACCOUNTING CYCLE (OPTION)		
A. Adjusting the Trial Balance The student should be able to: 1. understand the need for and the purpose of adjusting entries;	Emphasize that adjustments are necessary if financial statements are to be correct. Explain that one of the main purposes of accounting is to provide information for decision-making and that the financial statements (balance sheet, income statement) contain this information. Therefore, if the basis for decision-making is the data in the financial statements, it is essential that the statements be as accurate as possible. The purpose of adjusting the books is to ensure that all the accounts and the financial statements are accurate.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. prepare adjusting entries.	Identify the accounts which may require adjusting to bring them up to date.	TYPES OF ACCOUNTS TO BE ADJUSTED 1. Prepaid Expenses (rent, insurance, supplies) 2. Depreciation 3. Bad Debts (Doubtful Accounts) 4. Inventory
B. Worksheet with Adjustments	Review the purposes of the six-column worksheet.	
The student should be able to:		
1. understand the need for and the purpose of the worksheet;	Discuss the primary purposes of the worksheet with adjustments.	PRIMARY PURPOSES OF THE WORKSHEET WITH ADJUSTMENTS 1. To compute adjustments to the trial balance accounts before the preparation of the financial statements 2. To sort accounts into the principal account classifications for the financial statements
	Identify and discuss other functions of the worksheet.	OTHER FUNCTIONS OF THE WORKSHEET 1. To bring all the end-of-period calculations together on one sheet of paper for the convenience of the accountant
	Refer to adjustment columns of the worksheets.	2. To provide a basis for the adjusting entries which are entered in the journal
	Explain that closing entries are based on the data that are shown in the Income Statement columns of the worksheet.	3. To provide a basis for making closing entries 4. To calculate and prove the profit/net income

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. prepare a worksheet with adjustments.	Place a ten-column worksheet on the chalkboard or on an overhead transparency.	FIVE MAIN SECTIONS OF THE WORKSHEET
	Discuss the five main sections of the worksheet.	1. Trial Balance 2. Adjustments 3. Adjusted Trial Balance 4. Income Statement 5. Balance Sheet
	Explain that the worksheet is not a statement. Indicate that it is an accountant's working paper.	
	Emphasize that the worksheet covers a specific accounting period because it is used to compute net income or net loss for the period.	
	Demonstrate the completion of the different sections of the worksheet.	ORDER OF COMPLETION OF WORKSHEET SECTIONS
	Review the classification of accounts, pointing out that all accounts on the worksheet may be classified as either permanent accounts or temporary owner's equity accounts. Then discuss and demonstrate the following:	1. Trial Balance Section 2. Adjustments Section 3. Adjusted Trial Balance Section 4. Income statement and Balance Sheet Sections
	- List each account with a balance just as it appears in the ledger; - Enter the account balance in the appropriate Debit and Credit money column; - Rule a single line across both columns balances have been entered; - Total both columns; - Rule double rules across both money columns, if the two totals agree.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Identify the accounts on a trial balance which may have to be adjusted to show the correct balances. Review/discuss the methods of computing adjustments. Demonstrate the method of entering the adjustments on the worksheet and the ruling and totalling of the adjustments columns. Discuss and demonstrate the completion of the Adjusted Trial Balance Section. Emphasize the following: - Combine each account balance in the Trial Balance Section with its adjustments in the Adjustments section. Enter the combined new balance in the Adjusted Trial Balance section. - Move the balance from the Trial Balance section to the Adjusted Trial Balance section, if there is no adjustment for an account. - Rule and total the two columns. Explain how each balance in the Adjusted Trial Balance section is moved to one of the four remaining columns. Demonstrate the entering of each balance, as follows: - Move the balance of all the assets, liabilities, and owner's capital and drawing accounts to the appropriate Debit or Credit column in the Balance Sheet section. - Move the balances of all revenue and expense accounts, including the revenue and Expense Summary account, to the appropriate Debit or Credit column in the Income Statement section.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	- Emphasize the correct placement of beginning and ending inventory in the Income Statement and Balance Sheet columns. - Rule these four money columns with a single rule. - Total each column. Explain that the two columns in the Income Statement do not agree because the business has operated either at a net income or at a net loss. Explain that the two columns in the Balance Sheet do not agree because the net income or the net loss has not yet been transferred to the capital account. - Compute the net income or the net loss. Explain that if the total of the Credit column is greater than the total of the Debit column, the business has a net income. If the total of the Debit column is greater than the Credit column, the business has a net loss.	
	- Complete, total, and rule the Income Statement and Balance Sheet sections.	Textbook illustrations
	Following are some general suggestions for introducing the ten-column worksheet:	Ten-column worksheet forms
	- Have the students complete the worksheet at their desks at the same time it is being completed on a chalkboard or on a transparency.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	- Duplicate and distribute to the students worksheet forms with the trial balance filled in, to save class time. Use the same trial balance as shown on the chalkboard or on the overhead transparency. - Use round numbers in the trial balance to eliminate arithmetic problems and to permit full concentration on the procedure. - Open new accounts at the bottom of the worksheet when adjustments necessitate.	
C. End-of-Accounting Period Statements and Entries The student should be able to:	Review the preparation of the financial statements. Refer to the Income Statement and Balance Sheet sections of the worksheet for information required to complete each of these statements.	Examples of financial statements
1. prepare the financial statements;	Demonstrate the preparation of the Income Statement and Balance Sheet using a step-by-step approach. Have the students complete the statements at their desks at the same time they are being completed on the chalkboard or on an overhead transparency.	
2. record the adjusting and closing entries;	Refer to the adjustments columns of the worksheet for information required to prepare the adjusting entries. Journalize and post these entries to the ledger. Refer to the Income Statement columns of the worksheet for information required to prepare the closing entries. Journalize and post these entries to the ledger. Emphasize the four-step method of closing the ledger.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
3. prepare the post-closing trial balance.	Demonstrate the preparation of the post-closing trial balance from the general ledger accounts. Have the students prepare the same post-closing trial balance at their desks. Discuss the three checks which may be used to prove the accuracy of the post-closing trial balance.	FOUR-STEP METHOD OF CLOSING THE LEDGER 1. Close the credit amounts in the Income Statement to Revenue and Expense Summary. 2. Close the debit amounts in the Income Statement to the Revenue and Expense Summary. 3. Close Revenue and Expense Summary to Capital. 4. Close Drawing to Capital. CHECKS TO PROVE THE ACCURACY OF THE POST-CLOSING TRIAL BALANCE 1. The totals of the post-closing trial balance must agree. 2. The accounts listed in the post-closing trial balance must be permanent (real) accounts only. 3. The balance of the capital account must be the same as the final owner's equity in the balance sheet.

CORRELATION OF COURSE CONTENT WITH SUPPORT MATERIALS

COURSE CONTENT	APPROVED TEXTBOOKS		
	Kaluza, H.J. Accounting: A Systems Approach	D'Amico and Obonsawin Basic Accounting	Pansegrau et al. Century 21 Accounting; Canadian Edition
I. Basic Concepts in the Accounting Cycle			
A. Beginning the Accounting System	Chapter 1	Chapter 1	Chapter 1
B. Changes in the Accounting Equation	Chapters 2, 3	Chapters 2, 3, 4	Chapters 4, 5
C. Ledger Accounts (T-Accounts)	Chapter 3	Chapters 2, 3, 4	Chapter 4, 5
II. The Basic Accounting Cycle			
A. Source Documents	Chapter 4 (pp.73-75)	Chapter 5 (pp.102-105)	Chapter 2 (p.18) Chapter 6 (pp.71-75)
B. Journal C. Ledger D. Trial Balance	Chapter 4 Chapter 5 (pp. 110-115)	Chapter 5	Chapters 2,3,6,7,8
E. Worksheet	Use Trial Balances from this textbook and use Resource Materials or other textbooks.	Chapter 6	Chapters 9, 10
F. Financial Statements	Chapter 5	Chapter 6	Chapters 9, 10
G. Closing the Ledger H. Post-Closing Trial Balance	Chapter 6	Chapter 7	Chapter 11
III. Systems and Procedures to Control and to Record Cash Receipts			
A. Systems to Control Cash Receipts B. Systems to Record Cash Receipts	Chapter 7	Chapter 14	Chapter 6

	APPROVED TEXTBOOKS		
COURSE CONTENT	Kaluza, H.J.	D'Amico and Obonsawin	Pansegrau et al.
IV. Systems and Procedures to Control and to Record Cash Payments			
A. Systems to Control Cash Payments	Chapter 8	Chapter 14	Chapter 6
B. Systems to Record Cash Disbursements			
V. Petty Cash			
A. Systems to Control Petty Cash	Chapter 8	Chapter 14	Chapter 25
B. Systems to Record Petty Cash			
VI. Bank Reconciliation			
A. Purpose	Chapter 9	Chapter 14	Chapter 14
B. Preparation			
C. Recording			
VII. Payroll System (Optional)			
A. Purpose and Components	Chapter 10	Chapter 15	Chapters 21-22
B. Calculations			
C. Recording			
D. Payment to Employees			
E. Other Payroll Disbursements			
F. Year-End Payroll Reporting			

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	APPROVED TEXTBOOKS		
COURSE CONTENT	Kaluza, H.J.	D'Amico and Obonsawin	Pansegrau et al
VIII. Systems and Procedures for a Merchandising Business			
A. Merchandising Business	Chapter 11	Chapter 9	Chapter 23
B. Systems and Procedures for Credit Sales	Chapter 12	Chapter 11	Chapter 24
C. Systems and Procedures for Cash Receipts	Chapter 12	Chapter 12	Chapter 24
D. Systems and Procedures for Credit Purchases	Chapter 12	Chapter 10	Chapter 23
E. Systems and Procedures for Cash Payments	Chapter 12	Chapter 12	Chapter 23
IX. *Completion of the Accounting Cycle (Option)			
A. Adjusting the Trial Balance	Chapter 13	Chapter 17 (p. 436) Chapter 18 (pp.457-466)	Chapters 27,28
B. Worksheet with Adjustments	Chapter 14 (pp.406-422)	Chapter 17(pp.429-434) Chapter 18(pp.467-471)	Chapter 24
	Chapter 14(pp.422-430)	Chapter 17(pp.434-436) Chapter 18b(pp.471-472)	Chapter 24
C. End-of-Accounting Period Statements and Entries	Chapter 14 (pp.430-435)	Chapter 17(pp.436-443) Chapter 18(pp.472-476)	Chapters 27, 28
	Chapter 14(pp.436-439)	Chapter 17(p.443) Chapter 18(p.477)	Project 3

*Note: Complete the following: VII. Payroll System or IX. Completion of the Accounting Cycle OR VII. Payroll System and IX. Completion of the Accounting Cycle.

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GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
I. REVIEW AND BACKGROUND		
A. Review		
The student should be able to demonstrate an understanding of the Accounting 202 objectives.	Test and review as necessary to determine how well the students can meet the objectives in Accounting 202 for Basic Concepts, in the Accounting Cycle, Systems and Procedures to Control and Record Cash Payments, Petty Cash, Bank Reconciliation, and Systems and Procedures for Merchandising Business.	Curriculum outline for Accounting 202
B. Review or Background to 202	The following sections are options in Accounting 202: Payroll System OR Completion of the Accounting Cycle OR Payroll System and Completion of the Accounting Cycle. Test and review, as necessary, the options completed in Accounting 202. Complete the options not chosen in Accounting 202.	
The student should be able to:		
1. review or complete the objectives in Accounting 202 for Payroll System;	See objectives and activities in the section on Payroll System, Accounting 202.	
2. review or complete the objectives in Accounting 202 for Completion of the Accounting Cycle;	See objectives and activities in Completion of the Cycle, Accounting 202.	
3. review or complete the objectives in Accounting 202 for Payroll System and Completion of the Accounting Cycle.	Use objectives in the Payroll System and in Completion of the Accounting Cycle, Accounting 202.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
C. Background Concepts The student should be able to:		
1. identify the need for adjusting entries for accrued revenues and accrued expenses;	Explain and discuss, using practical examples and chalkboard illustrations, the need for recording accruals to bring revenue and expense accounts up to date. Emphasize these underlying principles: - The accuracy of both financial statements is affected when accruals are not recorded; - The net income of a business is understated when accrued revenues are not recorded; - The net income of a business is overstated when accrued expenses are not recorded.	ACCRUED REVENUE: Revenue earned in one fiscal period but not received until the next fiscal period ACCRUED EXPENSES: Expenses incurred in one fiscal period but not paid until a later fiscal period
2. understand how accrued revenues and accrued expenses differ from other revenue and expenses;	Emphasize, with examples and illustrations, that accrued revenues and accrued expenses are recorded in more than one accounting period. Point out that other revenue and expenses are recorded in one accounting period.	Illustrations worked on the chalkboard; case studies
3. record adjusting entries for accrued revenue and accrued expenses in the general journal;	Analyze examples of accrued revenue and accrued expenses by using T-accounts.	Examples of accrued revenue and accrued expenses from business and from textbooks
	Demonstrate the recording of adjusting entries for accrued revenue and accrued expenses. Have the students record the same adjusting entries in general journals.	
4. post adjusting entries for revenue and expenses using accrued revenue and accrued expense accounts in the general ledger;	Demonstrate the posting of the adjusting entries. Have the students post the same adjusting entries.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
5. review the need for closing revenue and expense accounts;	Discuss the reasons for closing revenue and expense accounts.	PURPOSE OF CLOSING THE LEDGER 1. Reduce all revenue and expense accounts to a zero balance. 2. Update the capital account in the ledger to make it agree with the total of Owner's Equity in the year-end balance sheet.
6. record the closing entries for revenue and expense accounts;	Explain and demonstrate the mechanics for the recording of the closing entries in the general journal. Have the students record the same closing entries in the general journal.	
7. post the closing entries for revenue and expense accounts;	Discuss and demonstrate the posting procedure for the closing entries. Have the students record the same posting procedures.	
8. report accrued revenue and accrued expense items on an income statement and a balance sheet;	Discuss, explain, and illustrate the reporting of accrued revenue and accrued expense items on an income statement and a balance sheet Emphasize that the asset (receivable) account of the accrued revenue item is listed on the Balance Sheet in the Current Assets section and that the income account of the accrued revenue item is listed on the Income Statement in the Other Revenue section. Point out that the liability account of the accrued expense items is listed on the Balance Sheet in the Current Liabilities section and that the expense account of the accrued expense item is listed on the Income Statement in the Other Expenses section.	PRINCIPLES OF REPORTING ACCRUED REVENUE AND ACCRUED EXPENSE ITEMS ON FINANCIAL STATEMENTS 1. Revenue is reported for the fiscal period in which it is earned. 2. Balance sheet will show all the assets, including the accrued revenue receivable. 3. Income Statement will show all the expenses for the period even though some of them have not yet been posted 4. Expenses are reported for the fiscal period in which they are incurred.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
		5. Balance Sheet will list all the liabilities, including accrued expenses. 6. Income Statement will show all the expenses for the period even though some of them have not yet been paid.
9. identify the need for reversing entries for accrued revenue and accrued expenses in the next accounting period;	Emphasize the following points during the discussion of reversing entries: - Reversing entries are convenience entries; - Reversing entries eliminate the need for remembering to debit a liability account when accrued expenses are paid; - Reversing entries eliminate the need for remembering to credit an asset account when accrued income is received.	REVERSING ENTRY: A journal entry made at the beginning of a new fiscal period to readjust an adjusting entry made in the preceding fiscal period
10. record the reversing entries for accrued revenue and accrued expenses;	Explain which adjusting entries are to be reversed. Discuss and explain when reversing entries should be made. Explain that reversing entries are made on the first day of the new accounting period so that the new asset and liability accounts opened by the adjusting entries can be closed and normal entries entered during the new fiscal period. Demonstrate the recording of the reversing entries and have the students record the same entries.	A RULE FOR ADJUSTING ENTRIES TO BE REVERSED Reverse all adjusting entries that open new balance sheet accounts TIME FOR MAKING REVERSING ENTRIE The first day of the new accounting period

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
11. post the reversing entries for the accrued revenue and accrued expenses to the general ledger.	Explain and demonstrate the posting of the reversing entries. Have the students post the same entries.	Example of general ledger with reversing entries posted
II. METHODS OF PROCESSING ACCOUNTING DATA		
A. Combination Journal		
The student should be able to: 1. identify the need for the combination journal;	Discuss and explain that the combination journal has a special application for a small firm where little or no internal control over cash and other assets is required. Emphasize that a combination journal combines the general journal and the special journals for cash receipts, cash payments, purchases, and sales into one multicolumn journal. Explain that since all the separate journals may be included on a single record sheet, the combination journal may be know by another name: synoptic journal. Review the use of the special journals for cash receipts, cash payments, purchases, and sales. Review the concepts of the general ledger and subsidiary ledgers for accounts receivable and accounts payable. Following the review of special journals and the concepts of the general ledger and subsidiary ledgers, introduce the combination journal as a journal that combines the general journal and special journals into one multicolumn journal.	COMBINATION JOURNAL: A columnar journal that combines several journals OR a multicolumn journal that combines all journals into one book of original entry Examples of combination journals from textbooks and from businesses
2. record entries in a combination journal;	Analyze each transaction from a series of transactions, and discuss how it would be recorded in a special journal before illustrating the entry in the combination journal.	Examples of various types of combination journals

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Have the students record the same entries in the combination journal.	
3. forward totals from one page to another;	Emphasize that prior to forwarding totals from one page to another page of the combination journal, the journal page should be balanced. Debits should equal credits on every page of the combination journal.	Poster or example of a combination journal illustrating the footing of columns, balancing, and forwarding of totals
	Demonstrate the footing of columns, balancing and forwarding of totals in a combination journal.	
	Have the students foot the columns, balance and forward the totals.	
4. total and rule the combination journal;	Demonstrate the totalling and ruling of the combination journal, and have the students total and rule examples of a combination journal.	
5. prove the combination journal;	Discuss and demonstrate the steps in the proving of the combination journal.	STEPS IN PROVING THE COMBINATION JOURNAL 1. Rule a single line across the money columns. 2. Add the columns and record the totals in 'pinhead' pencil numbers. 3. Add the debit column totals and the credit column totals. 4. Write the column totals in ink, if the debit totals equal the credit totals. 5 Rule a double line across all money columns.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
6. post from the combination journal to the ledgers;	Discuss and explain the steps in posting from the combination journal to the ledgers.	STEPS IN POSTING THE COMBINATION JOURNAL 1. Post daily the amounts in the Accounts Receivable and Accounts Payable columns individually to the customer and the creditor accounts in the subsidiary ledgers. 2. Post, at the end of the month, the amounts in the General column individually to the General Ledger. 3. Post, at the end of the month, all column totals, except the General column, to the General Ledger. Examples of combination journals showing posting references
7. evaluate the combination journal system.	Discuss the advantages and disadvantages of the combination journal.	ADVANTAGES OF THE COMBINATION JOURNAL 1. The special columns have time-saving, space-saving, and error-reducing features because the special money columns are used for highly repetitive transactions. 2. All transactions are found in one book, in chronological order, and can be reviewed at any time from one source only. 3. Posting is reduced compared to the posting of a two-column journal.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
		DISADVANTAGES OF THE COMBINATION JOURNAL 1. Recording in a combination journal may be cumbersome and awkward. 2. Recording in a large number of columns increases the risk of error. 3. Use of a combination journal is restricted to a business with few transactions, which can be recorded by one person.
B. One-Write System The student should be able to: 1. identify the need for and the purpose of a one-write system in accounting;	Discuss the purpose of the one-write system. Explain that the one-write system serves the needs of small businesses by combining the journalizing and posting stages of transactions in order to improve the efficiency of accounting.	ONE-WRITE SYSTEM: The procedure of producing more than one copy of the same data in only one writing
	Identify and explain the following accounting applications of one-write systems: payroll, credit sales.	Examples of one-write systems for payroll records and for credit sales
2. record accounting entries in the one-write system;	Demonstrate the method of recording accounting transactions in a one-write system. Have the students record the same accounting transactions in a one-write system.	
3. evaluate the one-write system.	Identify and discuss the advantages of the one-write system.	ADVANTAGES OF THE ONE-WRITE SYSTEM 1. Elimination of repetitive work 2. Guarantee of the accurate transfer of information 3. Reduction of cost by reducing the number of accounting clerks and/or the amount of time spent 4. Promotion of a measure of internal control

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Identify and explain the limitations of the one-write system.	LIMITATIONS OF THE ONE-WRITE SYSTEM 1. Unsuitable for large numbers of entries 2. Impossible to audit the one-write system before all the forms are prepared 3. Dependence of the system on the legibility of the clerk's handwriting
C. Computer Accounting The student should be able to: 1. identify the need for preparing accounting data for a computer.	Discuss data processing and data processing systems. Identify and explain the components of data processing. Explain the components of a data processing system.	DATA PROCESSING consists of recording, classifying, sorting, calculating, summarizing, reporting, and storing data. DATA PROCESSING SYSTEM is made up of the procedures, forms, and machines used to provide data when needed.
	Identify, explain and diagram the four phases of a data processing system. Point out that the first phase is the origination step that involves the collection of data from entry into the computer through input devices. Explain that the central processor of the computer manipulates the input data through the following elements of the computer: 1. Storage Unit (memory) receives and stores the program, the input data, and the results of partially processed data;	PHASES OF A DATA PROCESSING SYSTEM 1. Input: Data received for processing and put into systems. 2. Processing: Handling and manipulating of data according to precise procedures (program). 3. Storage: Filing or holding data for future use. 4. Output: Processed information that results from a system.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	2. Arithmetic/logic unit performs computations according to the program, compares data, and makes decisions; 3. Control unit interprets the instructions of the program and directs and coordinates all units. Explain that the output (processed information) is performed by an output device, which reports the information obtained from the data that has been processed.	
2. prepare accounting data for input to a computer;	Explain and discuss people involvement before data can be processed by a computer. Point out that input data arises from source documents. Discuss and show illustrations of input devices and their related input media. Use transparencies, slides, filmstrips. Arrange field trips and/or invite guest speakers.	PEOPLE ACTION PRIOR TO PROCESSING DATA BY A COMPUTER 1. Description of management problems and goals requiring processed data 2. Preparation of flowcharts showing the sequence of steps for each job to be processed 3. Preparation of written instructions for the computer (program) 4. Checking of the accuracy of data (input) to be processed 5. Conversion of input into a form that can be processed by machines
3. identify the need for computer programs to instruct the computer;	Explain the importance of people involvement in the preparation of computer programs to instruct the computer to carry out the following functions: - reading and manipulation of accounting data; - generation of accounting information and reports.	STEPS TO INTRODUCE PROGRAMMING CONCEPTS 1. Explain the term 'program' in relation to the series of detailed instructions that tells the computer in a step-by-step sequence exactly what to do and when to do it.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Discuss the preparation and use of software packages for accounting functions (accounts receivable, accounts payable, inventory, payroll) in large and small businesses.	2. Emphasize the preparation of a separate program for each processing job (separate program for each accounting application to be processed through the computer). 3. Discuss the six basic activities related to programming (analyzing the problem, planning the program, coding the instructions, compiling the program, testing the program, documenting the program).
4. analyze computer output.	Explain that the output of the computer is the result of processing the input. Present illustrations of and discuss the output devices and their related media, e.g., output device -- the printer; related output medium -- continuous paper forms.	Examples of output media
	Have the students study and discuss computer outputs for journal, ledger, trial balance, financial statements, etc.	Examples of computer outputs from textbooks and businesses for journals, ledgers, trial balance, financial statements
III. VOUCHER SYSTEM A. Basic Fundamentals and Routines for a Voucher System The student should be able to:		
1. identify the need for and the purpose of the voucher system in accounting;	Discuss the use of the voucher system in accounting as a security and control system and as a system for recording cash transactions.	VOUCHER SYSTEM is a system of internal control over expenditures and the payment of liabilities.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. explain the procedure for preparing and recording vouchers in the voucher register;	Explain the following reasons for using vouchers instead of traditional journals in book form: - transferring journal entry information from one department to another or from branch offices to head offices; - approving the analysis of a transaction and the explanation for the journal entry (e.g., depreciation); - recording specialized transactions (e.g., summary of sales and cash receipts of a branch office, correction entries, closing entries); - recording periodic journal entries related to a special journal (periodic receipts of revenue); - serving as internal control when journal entries are being processed by a central computer in a data processing department.	VOUCHER: A document summarizing a transaction and certifying its accuracy AND/OR a document authorizing the preparation of or the making of an accounting entry in the ledger
3. prepare vouchers;	Emphasize that businesses use a number of different forms of vouchers to serve particular needs. Study the format of the voucher and point out that vouchers contain spaces for recording the following: voucher numbers; date of entry; account name; account number; debit amount of entry; credit amount of entry; particulars or description of the entry; signature/s to give approval for recording the entry. Demonstrate the preparation of vouchers and have students prepare vouchers.	Examples of vouchers for a bulletin board display; illustration of vouchers in textbooks
4. record vouchers in the voucher register;	Point out that voucher registers vary from accounting system to accounting system. Demonstrate the recording of information from vouchers in the voucher register.	VOUCHER REGISTER: A special journal for recording vouchers Examples of voucher registers in textbooks and from businesses

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
5. identify the need for, and the purposes of, the cheque register;	Identify and discuss the following purposes of a cheque register: - provides internal control of cash by maintaining a record of cheques issued in payment; - takes the place of the traditional cash payments journal.	CHEQUE REGISTER: A form of cash payments journal used in a voucher system AND/OR a special journal used for recording cheques issued against vouchers
6. explain the procedure for preparing voucher cheques and recording them in the cheque register;	Discuss and flowchart the procedure for preparing voucher cheques and recording the cheques in the cheque register.	Bulletin board display of voucher cheques and cheque register
7. prepare voucher cheques;	Explain and demonstrate the preparation of a voucher cheque. Have the students prepare the same voucher cheques for their notebooks.	VOUCHER CHEQUE: A cheque with space reserved for writing the purpose of payment
8. record voucher cheques in the cheque register;	Discuss and demonstrate the recording of voucher cheques in the cheque register. Explain the controlling features used in recording cheques in the cheque register.	
9. total and rule the voucher and cheque registers;	Demonstrate the totalling and ruling of the voucher and cheque registers.	Examples of voucher and cheque registers totalled and ruled
10. prepare proofs for the voucher and cheque registers;	Emphasize the need to prepare the proofs for the voucher register and the cheque register before posting the totals to the general ledger accounts.	
11. prepare a schedule of vouchers payable from the unpaid voucher file;	Explain and demonstrate the preparation of the schedule of vouchers payable.	Example of a Schedule of Vouchers Payable
12. post to the ledgers from the voucher and cheque registers.	Discuss and demonstrate the posting of the column totals to the general ledger accounts.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
B. Special Procedures for a Voucher System The student should be able to:		
1. develop an understanding of the special procedures for a voucher system;	Explain the special procedures in a voucher system as they apply to the following: petty cash transactions; purchases returns and allowances; partial payments; correction of errors; bank charges; and payroll. Use T-account forms to illustrate these special procedures.	Illustrations/examples of voucher registers with entries showing the special procedures
2. prepare vouchers or voucher cheques and accounting entries for special procedures in a voucher system.	Discuss and demonstrate the preparation of vouchers, voucher cheques, and accounting entries for special procedures. Have the students prepare the forms and the entries at the same time.	Examples of vouchers or voucher cheques for special procedures in a voucher system
C. Evaluation of Voucher System The student should be able to:		ADVANTAGES OF THE VOUCHER SYSTEM
1. describe the advantages and disadvantages of the voucher system.	Have the students discuss the voucher system and prepare lists of advantages and disadvantages of the system.	1. Provides for verification of every expenditure before the transaction is recorded and for approval for payment before a cheque is issued. 2. Centralizes responsibility in a few persons for authorizing and approving all expenditures. 3. Saves time and reduces errors because of the elimination of some bookkeeping procedures (e.g., posting to a subsidiary ledger).

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
		4. Facilitates payment of vouchers because of filing vouchers according to due date. 5. Uses a voucher jacket to file invoices for convenient reference. 6. Replaces the accounts payable ledger with the paid vouchers file and the unpaid vouchers file. DISADVANTAGES OF THE VOUCHER SYSTEM 1. Results in added costs for small businesses (more paper work and extra employees). 2. Causes a loss of valuable information on the amount of business done with each creditor because of elimination of the accounts payable ledger. 3. Is a cumbersome method of handling special transactions (e.g. partial payments, correction of errors). 4. Relies heavily on a filing system of unpaid and paid vouchers.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
IV. INVENTORY SYSTEMS A. Inventory Control The student should be able to: 1. identify the need for, and the purpose of, inventory control.	Discuss the need to control inventory of merchandise to prevent shrinkage, shortages, and to account for overages. Emphasize the relationship of inventory control to the following: - calculation of cost of goods sold; - preparation of accurate financial statements; - preparation of budgets. Arrange a field trip to view an inventory system and/or invite a guest speaker to explain the purpose of inventory control. Discuss the use of a computer-assisted system in inventory control.	Examples of inventory control used in businesses
B. Types of Inventory Systems The student should be able to: 1. identify the types of inventory systems;	Determine if some of the students have helped to take a periodic inventory in a store or any business where they may have been employed. Have the students present brief reports on their experiences. Acquaint the students with names and types of inventory systems.	TYPES OF INVENTORY SYSTEMS 1. Periodic Inventory 2. Perpetual Inventory

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. describe the types of inventory systems;	Explain and define the types of inventory systems. Obtain examples of business forms used in inventory systems.	PERIODIC INVENTORY: A merchandise inventory that is determined by counting, weighing or measuring the items of merchandise on hand PERPETUAL INVENTORY: A merchandise inventory that is determined by keeping a continuous record of the increase, the decrease, and the balance on hand Examples of business forms used in inventory systems
3. prepare accounting records for all types of inventory systems;	Use T-Accounts to analyze the special entries required for the Periodic and Perpetual inventory records.	Transparency Masters 19 and 20, "Periodic Inventory Accounting" and "Income Statement" Transparency Masters 21 and 22, "Perpetual Inventory Accounting" and "Income Statement"
4. compare the advantages and disadvantages of the types of inventory systems.	List and explain the advantages and disadvantages of the periodic system. Use practical examples to illustrate the advantages and disadvantages.	ADVANTAGES OF PERIODIC INVENTORY 1. Inexpensive and easy to operate. 2. Useful for small businesses (grocery stores, hardware stores) who find it impractical to have each sale and purchase recorded on an inventory card for low-priced items. 3. Provides an exact value of goods on hand.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	List and explain the advantages and disadvantages of the perpetual inventory system. Illustrate the explanation with practical examples of the advantages and disadvantages.	DISADVANTAGES OF PERIODIC INVENTORY 1. Does not provide an easy way of knowing the exact cost of goods sold. 2. Does not provide continuous and up-to-date information about problems except on a periodic basis. 3. Does not provide management with quantity control over stock for reordering purposes. ADVANTAGES OF PERPETUAL INVENTORY 1. Accounting records and procedures assist with determining losses quickly. 2. Perpetual recording is practical for large items with a high value and businesses having a homogeneous product. 3. Current information about inventory levels assists with deciding when to replenish stock and when to change marketing procedures for slow-moving stock. 4. Records may be easily computerized through cash register applications.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
C. Principles of Inventory Valuation The student should be able to:	Point out that large firms use computer systems to keep inventory records current. Have students become familiar with the procedures commonly used in large department stores where computer assisted cash registers are used.	DISADVANTAGES OF PERPETUAL INVENTORY 1. More records are required to operate the system. 2. Increased costs for personnel and equipment required to operate the system. 3. Keeping records up to date requires more monitoring and review. 4. Shrinkage is not evident until a physical inventory taking is conducted.
1. develop an understanding of the principles of inventory valuation:	Define and discuss, with illustrations, the principles of inventory valuation: - Inventory-at-cost principle; - Realization principle; - Pricing at lower of cost or market; - Pricing for loss or decrease in value.	INVENTORY-AT-COST PRINCIPLE Merchandise inventory is valued at the time of acquisition at the total laid down cost (cost-landed value). REALIZATION PRINCIPLE No increase in the value of merchandise in stock shall be recognized until an actual sale is transacted. PRICING AT LOWER OF COST OR MARKET Inventory priced at cost value or market value, whichever is lower.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
		PRICING FOR LOSS OR DECREASE IN VALUE Inventory calculated and recorded as soon as loss or decrease is known.
- identify the methods of inventory valuation;	Discuss and illustrate valuation methods used by the accounting profession.	INVENTORY VALUATION METHODS 1. Average Cost 2. First-In, First-Out Basis (FIFO) 3. Last-In, First-Out Basis (LIFO)
- calculate the value of inventory using the different methods of inventory valuation;	Demonstrate the calculation of the value of inventory using the different methods. Have the students calculate and compare the methods of valuation. Point out that the method of valuation chosen by a business will depend upon the following: products in which it deals; price fluctuations of the products; the valuation method used by similar businesses; and the rules or customs expected by governments. Have students extend an inventory list.	
- compare the different principles of inventory valuation;	Discuss the advantages and disadvantages of the different principles of inventory valuation.	
- record inventory costs in financial statements.	Identify and explain the principles followed when reporting inventories on financial statements. Present examples of financial statements to illustrate these principles.	PRINCIPLES FOR REPORTING INVENTORIES ON FINANCIAL STATEMENTS 1. The inventory valuation method selected should be followed from year to year and should be disclosed on the financial statements.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
		2. Any change in the inventory valuation method should be disclosed and its effect on income reported in the financial statements.
V. MANUFACTURING ACCOUNTING A. Classification of Manufacturing Costs The student should be able to:		
1. identify the elements of manufacturing costs;	Discuss the need for measuring the costs of producing (manufacturing) goods. Emphasize the importance of identifying and measuring the costs of producing goods through a system of cost accounting.	COST ACCOUNTING: A branch of accounting to measure and control costs on an apportionment basis
	Identify the following components of manufacturing cost: direct materials; direct labour; factory overhead.	MANUFACTURING COSTS: Any item of expense occurring in a processing operation to produce a finished good
2. describe the elements;	Discuss and describe the elements of manufacturing costs. Use practical examples from different types of manufacturing businesses: flour manufacturer, mining, fish processing, meat processing, bakeries, lumber processing, etc.	DIRECT MATERIALS: Raw materials that form an integral part of the finished good AND/OR materials that become an identifiable part of a finished product DIRECT LABOUR: Labour applied to direct materials AND/OR the wages of workers who make a product

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Identify and discuss the following three categories of factory overhead: indirect materials; indirect labour; other factory overhead. Use practical examples during the discussion of the three categories of factory overhead.	FACTORY OVERHEAD: Any item which is not direct material or direct labour OR/AND all expenses other than direct materials and direct labour that apply to the making of products INDIRECT MATERIALS: Materials used in manufacturing that are minor in amount or that cannot be allocated to specific products INDIRECT LABOUR: The wages paid to workers who are not actually making products but who are working in the factory
3. illustrate and describe the flow of elements through the manufacturing cycle.	Explain how the elements of cost (labour, materials, overhead) flow through the work process and become finished goods.	
	Prepare (and have the students prepare) flow charts to demonstrate the flow of elements through the manufacturing cycle from raw (direct) materials, to goods in process, and to finished goods.	GOODS IN PROCESS: Products that are being manufactured but are not yet complete FINISHED GOODS: All products completed
B. Classification of Cost Systems The student should be able to:		
1. identify and explain the two systems of costing.	Explain and discuss the two accounting systems used in recording for cost accounting. Use practical examples and accounting forms from different types of manufacturing businesses.	JOB ORDER SYSTEM: An accumulation of costs for each job or group of jobs produced PROCESS COST SYSTEM: An accumulation of costs related to each department or phase of production

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATFRIALS
C. Applications of Cost Accounting The student should be able to:		
1. understand the need for and the purpose of cost accounting;	Discuss the purpose of accounting records recording, transferring, and summarizing for the manufacturing costs. Identify and discuss the following purposes of cost accounting: cost finding and cost control.	COST FINDING is required to prepare a manufacturing statement; to value year-end inventories; and to determine cost per unit to establish selling prices of finished goods and to estimate production costs of future jobs. COST CONTROL is required to compare actual costs with projected costs and to determine efficiency of the manufacturing process.
2. apply costs to work flow;	Explain the relationship of a cost accounting system of a manufacturing business to the flow of operations within the business. Point out that overhead costs are based on a percent rate on direct labour cost in the department(s) involved in the manufacturing process. Indicate that it is necessary to estimate the overhead costs because the actual costs cannot be calculated until the completion of the manufacturing process.	STEPS IN WORK FLOW Acquisition Production Storage Sales.
3. identify and explain the methods of applying overhead costs;		
4. apply overhead costs to work flow;	Discuss the application of overhead costs to the work flow of the manufacturing process.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
5. prepare, post, and explain the journal entries to match cost flow with work flow;	Use T-accounts to explain the journal entries required to match the cost flow with the work flow. Demonstrate the preparation and the posting of journal entries. Have the students prepare and post journal entries.	Examples of journal entries
6. prepare trial balances and financial statements for manufacturing businesses.	Explain that a manufacturing business has three inventories to account for in preparing financial reports: raw materials; work in process; finished goods. Demonstrate the preparation of trial balances, statements of costs of goods manufactured, income statements, and balance sheets. Have students prepare the same statements following a step-by-step approach.	Examples of financial statements for manufacturing businesses: statement of costs of goods manufactured; income statements; balance sheets
VI. BUDGET ACCOUNTING		
A. Budgetary Planning		
The student should be able to:		
1. understand the purpose of and the need for budgets;	Explain the role of budgeting in accounting records. Refer to familiar instances of budget use: student organizations (council); school system; family; local government; etc. Emphasize the importance that each of these groups know how much revenue to anticipate and what expenditures can be made from the anticipated revenue. Indicate that a change in one item in the budget will affect another item in the budget.	BUDGET ACCOUNTING: A phase of accounting dealing with the planing and the controlling of future business operations BUDGETING: Planning and controlling financial operations of a business BUDGET: A written financial plan of a business for a specified time, expressed in dollars

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
		ROLE OF BUDGET 1. A planning guide 2. An operational control guide 3. A departmental coordination guide
2. identify types of budgets;	Identify and discuss the two broad categories of budgets: - long-range budgets (capital budgets); - short-range budgets (master budget). Identify and discuss the two types of annual budgets: - budgeted income statement; - cash budget (cash flow statement).	CAPITAL BUDGETS: Long-range plans for financing specific projects MASTER BUDGETS: Annual revenue, costs, and profit plans for a business BUDGETED INCOME STATEMENT: An estimate of expected revenue, expenses, and net income for a fiscal period of a business CASH BUDGET: An estimate of the expected cash receipts and cash payment for fiscal period(s) of a business
3. identify and discuss the sources of information in preparing the budgets;	List and discuss the following steps for preparing the budgets: - selecting a time period; - determining type(s) of budgets to prepare; - identifying the sources of data for preparing budget; - using past records in obtaining data for budgets. Discuss sources of information for budget preparation.	SOURCES OF DATA FOR BUDGET PREPARATION 1. Company records 2. General economic information 3. Consultation with managers and staff 4. Good judgment 5. Competition

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
		6. Business cycles 7. Law and customs 8. Other
4. prepare budgets;	Discuss the formats used for developing and preparing budgets. Emphasize a simplified approach for budget preparation.	
	Demonstrate the preparation of budgets by using a simple example: e.g., budget for a school basketball team.	Budget questions from business mathematics textbooks
	Have students prepare similar budgets, personal budgets, or budgets from case studies. Proceed to the preparation of simple business budgets.	
5. compare budget figures to actual operating figures;	Have the students study budgets and compare the budgeted amounts with the actual operating amounts.	Textbook examples of comparative budgets
6. analyze results of financial operations.	Study comparative budgets to analyze results of financial operations and to recommend changes in planning future budgets.	
VII. PARTNERSHIP ACCOUNTING A. Formation of a Partnership The student should be able to:		
1. define partnership;	Have the students identify partnership businesses in the local community. Encourage students to develop a definition of the term partnership.	PARTNERSHIP: A form of business organization in which two or more persons operate as co-owners of a business, sharing costs, profits, and liabilities by agreements

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. identify the need for and the purpose of a partnership agreement;	Contact a partnership in the local community. Invite one of the partners to visit the class and explain why the business is organized as as a partnership. Discuss the need for and the purpose of a partnership agreement. Identify the statutes regulating partnerships. Explain the relationship between legal and financial aspects of the partnership. Explain the advantages and disadvantages of a partnership. Have the students refer to partnership agreements to determine some of the advantages and disadvantages.	PARTNERSHIP AGREEMENT: A written agreement that sets forth the various conditions under which a partnership is to operate Partnership Act Limited Partnership Act Partnership Registration Act Examples of partnership agreements ADVANTAGES OF A PARTNERSHIP OVER A PROPRIETORSHIP 1. More capital 2. Better credit standing 3. More owner talent 4. Keeping valuable employees 5. Personal incentive 6. Few legal restrictions DISADVANTAGES OF A PARTNERSHIP 1. Unlimited personal liability 2. Possible management disagreement 3. Capital limited to partner resources 4. Limited life of the business 5. Sharing of net income
3. prepare journal entries for the formation of a partnership.	Discuss the relationship of the partnership agreement to the opening journal entry for the formation of a partnership. Demonstrate the preparation of the opening entry and have the students prepare the same entry.	Examples of various types of opening entries

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
B. Distribution of Profits or Losses The student should be able to:		
1. identify the methods of distributing profits and losses;	Point out that a partnership agreement should include a section about the distribution of profits and losses. Indicate that in the absence of this section the profits and losses are divided equally according to law. Discuss the most common ways of calculating each partner's share of the net income or the net loss.	METHODS OF CALCULATING EACH PARTNER'S SHARE OF NET INCOME/NET LOSS 1. Give an equal amount to each partner. 2. Use an agreed-upon ratio such as 65% to one partner and 35% to the other partner. 3. Use the ratio of each partner's capital investment to the total capital. 4. Allow interest on each partner's capital investments. 5. Allow salaries to one or more of the partners. 6. Use a combination of two or more of the above methods.
2. prepare journal entries for the distribution of profits and losses;	Demonstrate the preparation of the journal entries and have the students prepare the same entries.	Examples of journal entries from textbooks and from businesses
3. prepare working papers and financial statements for partnerships.	Explain or have the students discover, through comparison, that the accounting work for a partnership is the same as for a sole proprietorship.	Examples of charts of accounts for sole proprietorships and partnerships

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Have the students compare charts of accounts used for a sole proprietorship and for a partnership and determine that the only difference is the capital section of the chart of accounts.	
	Demonstrate the preparation of, and have the students prepare, work-sheets, schedules of partners' equity, income statements, and balance sheets.	Examples of worksheets, schedules of partners' equity, income statements, balance sheets from textbooks and businesses
VIII. CORPORATION ACCOUNTING A. Formation of a Corporation The student should be able to:		
1. define corporation;	Discuss the definition of a corporation. Have the students prepare a list of corporations in the local community. Discuss the types of corporations: private corporations; public corporations; Crown corporations. Have students list some examples of these corporations found provincially/federally. Diagram and explain a typical organization chart of a corporation.	CORPORATION: A business which is owned by three or more persons and has a legal entity of its own
2. identify the need for and the purpose of a corporation as a legal entity;	Discuss the need for and the purpose of the legal requirements to form a corporation. Explain that businesses in Canada may be incorporated under either provincial or federal legislation.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Explain the purpose of the articles of incorporation and the certificate of incorporation. Discuss the components of the articles of incorporation.	ARTICLES OF INCORPORATION: A written application to the proper provincial and federal agencies requesting permission to form a corporation CERTIFICATE OF INCORPORATION: The approved articles of incorporation
	Explain the advantages and disadvantages of a corporation.	ADVANTAGES OF A CORPORATION 1. Separate legal existence 2. Continuous existence 3. Limited liability of the owners 4. More capital 5. Transferability of ownership 6. Professional management DISADVANTAGES OF A CORPORATION 1. Cost to establish 2. Government restrictions 3. Corporate income taxation 4. Some lack of personal incentive 5. Lack of privacy
3. identify the methods of financing a corporation;	Discuss debt (borrowing money through bond issues) and equity (selling or issuing shares) financing of corporations. Refer to advertisements in newspapers about bond and share issues by corporations.	AUTHORIZED CAPITAL STOCK: The total number of shares that a corporation may issue
4. define and classify shares;	Point out that the articles of incorporation indicate the kind and the total amount of capital stock that may be issued by a corporation.	ISSUED CAPITAL STOCK: The total number of shares that a corporation has sold

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Discuss par value and non par value stock.	PAR VALUE: The monetary value printed on a share certificate SHARE CERTIFICATE: The evidence of the number of shares each shareholder owns in the corporation
	Discuss the following classes of shares: common shares; preferred shares.	COMMON SHARES: Shares that give voting rights, but do not give the shareholder any special preferences PREFERRED SHARES: Shares that give shareholders preferences in earnings and dividends
5. prepare and post journal entries for equity financing of a corporation.	Use T-accounts to analyze transactions for equity financing. Demonstrate and have the students do the preparation and posting of journal entries for equity financing.	
B. Corporate Earnings or Losses The student should be able to:		
1. understand the procedure for allocating corporate earnings;	Explain the procedure for allocating corporate earnings to share capital and retained earnings.	
2. prepare journal entries for corporate income taxes;	Explain that the income of a corporation determined for income tax purposes is the difference between total revenue and total expenses.	
3. prepare journal entries for retained earnings;	Define and discuss retained earnings. Demonstrate the preparation of journal entries to record retained earnings.	RETAINED EARNINGS: Corporate net profit after taxes and not yet distributed to shareholders

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Have the students prepare entries to record retained earnings.	
4. prepare journal entries for the distribution of dividends and reserves;	Define and discuss dividends of a corporation. Explain that the dividends are paid out of retained earnings.	DIVIDENDS: The portion of the after-tax net income of a corporation paid to the shareholders
	Point out that the closing phase of the accounting cycle for a corportion is similar to the closing phase for partnerships and proprietorships.	
	Demonstrate the preparation of the journal entries for the distribution of dividends and reserves.	Example of dividend notice
	Make use of T-accounts to illustrate how the various transactions affect corporate records of capital.	Examples of financial statements for corporations as found in accounting textbooks
5. prepare corporate financial statements.	Have the students study and discuss the statement for corporations.	Gather samples of financial reports issued by Canadian corporations and made available on a yearly basis
	Demonstrate the preparation of and have the students prepare financial statements for corporations. Include balance sheets, income statements, and anecdotal reports to shareholders.	
C. Corporate Debt Financing		
The student should be able to:		
1. understand the need for and the purpose of long-term borrowing;	Discuss the reasons that a corporation tends to borrow a large sum of money for a long period of time to expand and develop the business.	
2. identify the methods of long-term borrowing;	Point out that large loans may be difficult to obtain from one financial institution or one individual. Therefore, corporations may divide the total amount of a large loan into a series of promises to pay (bonds) of varying amounts for sale to the public.	Newspaper advertisements about bond issues

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Explain that bonds are similar to promissory notes because they are written promises to pay creditors.	BOND: A printed promise of a corporation to pay a specified amount at a specified date some time in the future, and to pay the interest at stated intervals FLOATING A LOAN: Obtaining cash by selling bonds
3. define and classify bonds;	Discuss the various types of bond classifications. Explain that the classification of corporate bonds relates to the type of security which a corporation offers the bondholder or the way in which the interest is paid to the bondholder.	BOND ISSUE: All of the bonds representing the total amount of the loan BONDHOLDER: The owner of a bond DEBENTURE BONDS: Bonds not protected by collateral SECURED BONDS: Bonds protected by collateral REGISTERED BONDS: Bonds on which the interest is paid directly to the bondholder by the issuing corporation COUPON BONDS: Bonds on which the interest is collected by detaching the bond coupons when they become due and by pesenting them to a financial intermediary for the interest.
4. prepare journal entries for bond issues;	Use simple transactions and analyze the journal entries by using T-accounts. Explain that bond issued are long-term liabilities (bonds payable). Demonstrate the journal entries and have students prepare the same entries. Discuss the costs of bond issues.	
5. prepare journal entries for interest expense;	Use T-accounts to analyze the transactions.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
6. prepare journal entries for bond sinking funds;	Explain that a corporation deposits money, on a regular basis, in a bond sinking fund to cover a portion of the bond issue. Emphasize that the bond sinking fund has two main purposes: - The corporation is assured that it will have cash available to pay the bond issue when it falls due; - The investors may require a bond sinking fund as a condition of their buying the bonds to assure them that the bond issue will be paid when due. Demonstrate the preparation of and have students prepare journal entries for a bond sinking fund.	BOND SINKING FUND: An amount set aside to pay a bond issue when due
7. prepare journal entries for the redemption or retirement of bond issues;	Use T-accounts to analyze the transactions.	RETIREMENT OF A BOND ISSUE: The cancellation of a bond issue by paying the bonds at maturity
8. prepare the corporate financial statements.	Demonstrate the preparation of worksheets, income statements, statement of shareholders' equity, and balance sheets for corporations. Have the students complete the same financial statements using a step-by-step approach.	Examples of corporate financial statements in textbooks, newspapers, and annual reports of corporations
D. Analysis of Financial Reports (Optional Topic) The student should be able to:		
1. understand the need for and the purpose of the analysis of corporate financial reports;	Discuss the purpose of annual corporate financial reports. Explain that a corporate financial report outlines the financial status of a corporation for various groups of people: management, creditors, investors, and government.	Published annual reports of corporations

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. prepare a general analysis from given comparative income statements and comparative balance sheets;	Have the students study comparative financial statements to determined how changes in the firm's financial position can happen. Demonstrate the preparation of and have students prepare comparative financial statements.	Examples of comparative financial statements
3. understand the need for and the purpose of creditor analysis of corporate financial reports;	Explain that creditors are interested in comparing debts owing to the amounts available to pay them; inventory to sales; accounts receivable to sales; etc. Indicate that the main interest of short-term creditors is the ability of the corporation to pay its current debts and to meet its current operating expenses. Point out that long-term creditors are interested in the rate that loaned money will earn over the debt period and whether company earnings will pay interest on borrowed money.	METHODS OF ANALYSIS USED BY SHORT-TERM CREDITORS 1. Current (working capital) ratio (current assets ÷ current liabilities) 2. Quick ratio (cash & accounts receivable ÷ current liabilities) 3. Inventory turnover (sales ÷ average inventory) 4. Accounts receivable turnover (sales ÷ average accounts receivable).
4. identify and define the components of creditor analysis for corporate financial reports;	Discuss the analysis of the working capital position of a corporation. Discuss the analysis of earnings on loaned money and on payment of interest.	METHODS OF ANALYSIS USED BY LONG-TERM CREDITORS 1. Yield rate on bonds 2. Coverage of bond interest 3. Debt ratio (net income - average accounts receivable)
5. prepare a creditor analysis;	Have the students determine the following from given data: - Current (working capital ratio); - Quick ratio; - Yield rate on bonds; - Debt ratio.	Information from annual reports

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
6. understand the need for and the purpose of investor analysis of corporate financial reports;	Discuss the interest of investors in following results from investments: growth, income, and safety.	
7. identify and define the components of investor analysis for corporate financial reports;	Explain the methods used by investors to analyze corporate financial reports	METHODS OF ANALYSIS USED BY INVESTORS 1. Ratio of profit to sales 2. Return on invested capital 3. Earnings per share 4. Price-earnings ratio 5. Yield rate 6. Dividend payout ratio
8. prepare an investor analysis.	Have the students determine the following from given data: - Ratio of profit to sales; - Return on invested capital; - Earnings per share; - Price-earnings ratio; - Yield rate; - Dividend payout ratio	Information from annual reports
IX. BASIC CONCEPTS OF TAXATION ACCOUNTING A. Personal Income Tax The student should be able to:		
1. understand the need for and the purpose of preparing a personal income tax return;	Explain that Revenue Canada, Taxation, administers the Income Tax Act. Discuss the relationship of income taxes to the cost of government services (funds required to run the country).	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. identify and define the components of a personal income tax return;	Discuss these components of a personal income tax return: sources and amount of income; deductions; taxable income; tax. Study the forms related to income tax.	Teaching Taxes and The Tax Book (samples of income tax forms and related instructions) available from Teaching Taxes, Information Services Branch, Revenue Canada, Taxation, 875 Heron Road, Ottawa, Ontario K1A 0L8
3. prepare, from given information, personal income tax returns.	List and discuss the basic steps for filing an income tax return. Demonstrate the preparation of a personal income tax return. Have the students prepare personal income tax returns.	BASIC STEPS FOR FILING AN INCOME TAX RETURN 1. Getting ready (gathering information slips) 2. Identifying oneself 3. Listing all income 4. Claiming deductions 5. Calculating refund OR balance due 6. Rechecking and mailing the return
B. Business Income Tax (Optional Section) The student should be able to:		
1. understand the need for and the importance of preparing income tax returns for the owner of an unincorporated business;	Discuss the generally accepted accounting principle related to income tax returns for the owners of unincorporated businesses. Explain that owners of unincorporated businesses file income tax returns to provide funds to run the country as do individual wage earners.	GENERALLY ACCEPTED ACCOUNTING PRINCIPLE An unincorporated business, as such, is not liable for taxes on its income. While its income or losses do affect the tax liability of the proprietor or partners, any calculations of the owners' tax liability relating specifically to the business would necessarily be arbitrary because it would be affected by factors unrelated to the operations of the business.

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. identify and define the components of income tax returns for the owners of unincorporated businesses;	Emphasize that the income tax laws require each individual who owns a business to report the details of the business operations as part of the owner's personal income tax return.	

	Each owner of an unincorporated business must submit the following with a personal income tax return:
	- Statement of income and expenses
	- Supporting documents
	  - income statement
	  - balance sheet
		Examples of the special form T2032, Statement of Income and Expenses

3. prepare, from given information, income tax returns for the owners of unincorporated businesses;	Demonstrate the preparation of an income tax return for an owner of an unincorporated business.	
	Have the students prepare the same income tax return.	
4. prepare journal entries for recording payment of income taxes for owners of unincorporated businesses;	Discuss the principle of quarterly installments to pay income taxes for owners of unincorporated businesses.	
	Prepare the journal entries for the quarterly installments and have the students prepare the same entries.	Examples of journal entries
5. understand the need for and the purpose of preparing corporate income tax returns;	Explain that corporations file income tax returns and pay income to provide funds to pay for government services and for the expenses of running the country.	
6. identify and define the components of corporate income tax returns;	Emphasize that the income tax laws require that each business operating as a corporation must file a Corporation Income Tax Return (Form T2) and pay income taxes.	Example of the form Corporation Income Tax Return

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Explain that the data needed for Form T2 are taken from the income statement of the corporation. Identify and discuss other tax information forms a corporation must file with Revenue Canada.	TAX INFORMATION FORMS 1. Statement showing the total earnings of each employee and the amounts withheld for taxes 2. Form showing the total annual dividends paid to shareholders
7. prepare, from given information, corporate income tax returns;	Demonstrate the preparation of an income tax return for a corporation. Have the students prepare the same income tax return.	
8. understand the difference between the accounting income and the taxable income of corporations;	Discuss the following: - Corporation income taxes are treated as business expenses in year-end financial statements issued to shareholders; - Pre-tax income shown in the accounts and financial statement of a corporation does not agree with the income computed for the income tax form.	
9. prepare journal entries for corporation income taxes.	Demonstrate the preparation of the journal entries for corporation income taxes.	Examples of journal entries for corporation income taxes
C. Property Taxes (Optional Section)		
The student should be able to:		
1. understand the need for and the purpose of property taxes;	Discuss property tax, a tax on land, as a source of revenue for municipal governments. Point out that property owned by churches, hospitals, government corporations may be exempt from property tax.	LAND (REAL PROPERTY): Land, buildings, and related improvements (sidewalks, etc.)

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. identify and define the formula required to calculate property taxes;	Explain the formula used in determining property tax and the components of the formula.	FORMULA FOR CALCULATING PROPERTY TAX: Assessed Value of Land x Tax Rate = Total Property Tax
	Discuss assessed value and the method of determining the tax rate. The tax rate is determined in the following way: $\frac{\text{Estimates of Revenue}}{\text{Assessed Value of All Property}}$	ASSESSED VALUE: Value placed on real estate by a municipal government
		MILL RATE: Property tax rate where one mill equals one-tenth of one cent
3. calculate property taxes;	Have the students calculate property taxes from given information.	
4. prepare and record the journal entries for the liability and the payment of property taxes.	Discuss the source documents for the accounting entries and the methods of payment related to property taxes.	Tax notices
D. Sales Taxes		
The student should be able to:		
1. understand the need for and the purpose of federal and provincial sales taxes;	Explain that sales taxes are sources of revenue for federal and provincial governments.	SALES TAX: A tax levied on the sale of goods
2. calculate federal and provincial sales taxes;	Emphasize that the sales tax rates are stated usually as a percent rate of sales. Point out that the kinds of goods taxed and the tax rates vary from province to province.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
3. prepare the journal entries for sales taxes.	Explain that the retailer collecting the provincial sales tax must file reports, at regular intervals, with the proper government unit and pay the amount of sales taxes collected.	COMPONENTS OF SALES TAX RECORDS 1. Total cash and total charge sales on which sales tax has been collected 2. Total amount of sales tax due to the government Example of sales tax return form SALES TAX CALCULATIONS 1. Total sales - taxable sales = non-taxable sales. 2. Sales tax = taxable sales x rate of tax payable. 3. Tax Collected = $\frac{(\%\ \text{rate of tax}) \times (\text{taxable sales})}{100}$
X. CASH BASIS ACCOUNTING (FARM ACCOUNTING OPTION)		
A. Purpose and Definition		
The student should be able to:		
1. understand the purpose of cash basis accounting;	Explain that cash basis accounting is available mainly to farmers and fishermen for taxation purposes. Emphasize that under the cash method income is reported in the year in which it is received, and expenses are deducted in the year in which they are paid.	

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
2. define cash basis accounting.	Have students list the types of businesses wherein cash basis accounting would be useful, and then support their ideas with a report prepared to identify the advantages/disadvantages of using cash basis accounting.	CASH BASIS ACCOUNTING: A method of accounting in which revenue is recorded when cash is received, and expenses are recorded when cash is paid
B. Journalizing and Posting		
The student should be able to:		
1. design a synoptic/combination journal for farm accounting;	Review the format of the synoptic/combination journal used for business accounting.	Prairie Provinces Farm Account Book
		Examples of farm account books from the Department of Agriculture
2. record the journal entries from given data;	Have students journalize samples of transactions commonly found in farming or fishing businesses.	
3. post the synoptic/combination journal to the income and expenditure statement;	Explain the procedure of posting from the synoptic/combination journal directly to the income and expenditure statement.	
4. update the balance sheet.	Discuss the procedure for preparing the balance sheet.	
C. Accounting for Income Tax		
The student should be able to:		
1. define capital cost;	Explain capital cost, using practical examples.	CAPITAL COST: Expenditures for the purchase of buildings, equipment, and other semi-permanent properties
2. understand the purpose of capital cost allowance;	Explain that capital cost allowance is a method of calculating depreciation for income tax purposes. Point out that the declining balance method of calculating depreciation is called "capital cost allowance" for income tax purposes.	CAPITAL COST ALLOWANCES: The declining-balance method of calculating depreciation, which allocates a greater amount of depreciation to the first years of the life of an asset

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
3. prepare a schedule of capital cost allowance from given data;	Discuss and demonstrate the preparation of a schedule of capital cost allowance (depreciation schedule).	Example of schedule of capital cost allowance _Teaching Taxes_ available from: Teaching Taxes, Information Services Branch, Revenue Canada, Taxation, 875 Heron Road, Ottawa, Ontario K1A 0L8
4. post the capital cost allowance data directly to the income and expenditure statement;	Discuss and demonstrate the procedure for posting the capital cost allowance directly to the financial statements.	
5. update data for the balance sheet;		
6. complete the financial statements.	Discuss and demonstrate the procedure for completing the financial statements.	
D. Accrual Accounting		
The student should be able to:		
1. compare the cash basis and the accrual method of recording income and expenses.	Explain the two methods of accounting for income. Have the students prepare a comparative chart to show the difference between these two methods by illustrating when revenues and expenses are reported.	_CASH BASIS METHOD OF ACCOUNTING_ A method of accounting in which revenue is recorded when cash is received and expenses are recorded when cash is paid _ACCRUAL METHOD OF ACCOUNTING_ A method of accounting in which revenue is recorded when earned and expenses are recorded when incurred

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
E. Cash Flow Analysis The student should be able to:		
1. understand the need for and the purpose of cash flow projections;	Review budget preparation. Discuss the importance of preparing cash flow projections (projected cash receipts and projected cash payments).	PURPOSE OF CASH FLOW PROJECTION 1. To apply for a line of credit 2. To plan short-term loan requirements 3. To plan short-term investments
2. prepare periodic cash flow projections for a year from given data.	Explain that periodic cash flow projections may be prepared and reviewed monthly, quarterly, and yearly. Emphasize the major components of a cash flow projection (cash budget).	MAJOR COMPONENTS OF A CASH FLOW PROJECTION 1. Planned cash receipts 2. Planned cash payments
	Discuss and demonstrate the preparation of cash flow projections. Have students develop cash flow projections by preparing statements of cash inflows and cash outflows for a given period(s) of time.	
XI. CURRENT VALUE ACCOUNTING (OPTIONAL SECTION) A. Inflation and Accounting The student should be able to:		
1. develop an awareness of the influence of inflation on accounting;	Use case studies/accounting problems to illustrate the influence of inflation on accounting. Consider appreciation of assets.	Case studies and accounting problems from textbooks

GOALS AND OBJECTIVES	TEACHERS' NOTES AND SUGGESTED ACTIVITIES	SUGGESTED MATERIALS
	Discuss the effects of inflation on historical financial statements.	Financial statements from businesses and textbooks
2. compare historic cost accounting with current value accounting.	Explain the legal position of historic cost accounting in relation to the following:	Canadian Institute of Chartered Accountants Handbook
	- Canada Business Corporations Act requires that all financial statements should be prepared according to the recommendations of the Canadian Institute of Chartered Accountants as set out in the CICA Handbook (historic cost model);	Textbooks
	- Income tax law indicates that historic cost accounting is the model for submitting income tax.	
	Discuss current value accounting in relation to these versions of current value:	CURRENT VALUE ACCOUNTING
	- replacement cost accounting, - market resale (realizable value) accounting.	An accounting system that provides financial statements in which the current values of assets are reported
	Have the students develop a chart/report, complete with accounting examples, to compare historic cost accounting and current value accounting.	REPLACEMENT COST ACCOUNTING An accounting system that uses specific price level indices (and other means) to develop financial statements that report items such as assets and expenses in terms of current replacement costs RESALE VALUE ACCOUNTING An accounting system that uses the actual selling price of a non-monetary asset, or the cash equivalent of what a firm expects to realize if the asset is sold

CORRELATION OF COURSE CONTENT WITH SUPPORT MATERIALS

	APPROVED TEXTBOOKS			OTHER REFERENCES
COURSE CONTENT	D'Amico and Obonsawin Basic Accounting	Pansegrau et al. Century 21 Accounting, Canadian ed., Advanced	Kaluza, H.J. Elements of Accounting: Senior Course 2nd ed.	
I. **REVIEW AND BACKGROUND**				
A. Review	Chapters 1-7, Project 1	Chapters 2, 3	Chapters 1, 2, 3, 4	Accounting: A Systems Approach, Chapters 1-6, Chapters 7 - 11
B. Review or Background to Accounting 202				
C. Background Concepts				Century 21 Accounting: Canadian Edition, Pt. 1
II. **METHODS OF PROCESSING ACCOUNTING DATA**				
A. Combination Journal	Chapter 13	Chapter 2 (p. 21)	Chapter 5 (Topic 1)	Century 21 Accounting; Canadian Edition, Chapter 12
B. One-Write System	Chapter 11 (pp.276-277) Chapter 15 (p. 384)	Chapter 10(p.177)	Chapter 5 (Topic 3)	Century 21 Accounting; Canadian Edition, Chapter 12
C. Computer Accounting	Part Two (p. 165) Chapter 10(pp.254-256) Chapter 11 (p.267)	Chapters 12, 13, 14	Chapter 5 (Topic 4)	Century 21 Accounting; Canadian Edition, Part 3
III. **VOUCHER SYSTEM**	Chapter 16	Chapter 11	Chapter 6	
A. Basic Fundamentals and Routines for a Voucher System				
B. Special Procedures for a Voucher System				
C. Evaluation of Voucher System				

	APPROVED TEXTBOOKS			OTHER REFERENCES
COURSE CONTENT	D'Amico and Obonsawin	Pansegrau et al.	Kaluza, H.J.	
IV. INVENTORY SYSTEMS	Chapter 19	Chapter 9	Chapter 7	*Accounting: A Systems Approach*, Chapter 15
A. Inventory Control				
B. Types of Inventory Systems				
C. Principles of Inventory Valuation				
V. MANUFACTURING ACCOUNTING	Suggested Resources	Chapter 19, 20	Chapter 8	
A. Classification of Manufacturing Costs				
B. Classification of Cost Systems				
C. Applications of Cost Accounting				
VI. BUDGET ACCOUNTING	Suggested Resources	Chapter 25	Chapter 9	
A. Budgetary Planning				
VII. PARTNERSHIP ACCOUNTING	Chapter 20	Chapter 4(pp.65-70) Chapter 4(pp. 71-80) (optional)	Chapter 10(pp.408-414)	
A. Formation of a Partnership		Chapter 5, 6		
B. Distribution of Profits or Losses.				
VIII. CORPORATION ACCOUNTING	Chapter 21	Chapter 15,16,17	Chapter 11(Topics 1,2)	
A. Formation of A Corporation			Chapter 11 (Topics 3,4) (optional)	
B. Corporate Earnings or Losses				
C. Corporate Debit Financing				
D. Analysis of Financial Reports (Option)				

	APPROVED TEXTBOOKS		OTHER REFERENCES	
COURSE CONTENT	D'Amico and Obonsawin	Pansegrau et al.	Kaluza, H.J.	
IX. BASIC CONCEPTS OF TAXATION ACCOUNTING				
A. Personal Income Tax	Chapter 15 (pp.367-374)	Chapter 10	Chapter 13(pp.543-565)	Accounting: A Systems Approach, Chapters 21-22
B. Business Income Tax (option)	Chapter 21(pp.549-550)	Chapter 17	Chapter 13(pp.565-574)	
C. Property Taxes (option)		Chapter 22 (p.421)	Chapter13(pp.573-576)	
D. Sales Taxes	Chapter 11(pp.257-261)	Chapter 8 (pp. 128-129) Chapter 13 (pp. 226-227)	Chapter 13(pp.576-578)	
X. CASH BASIS ACCOUNTING (Farm Accounting Option)				
A. Purpose and Definition		Chapter 23 (p.246)	Chapter 9 (p.384) Chapter 13 (p.547)	
B. Journalizing and Posting				Century 21, Accounting, Canadian ed., Advanced
C. Accounting for Income Tax	Chapter 17(pp.427-428)	Chapter 22(p.416)	Chapter 13(pp.551-554)	
D. Accrual Accounting	Chapter 18(pp.465-467)	Chapter 23 (pp. 428-431)	Chapter 3(pp.144-147) Chapter 13(pp.547-548)	
E. Cash Flow Analysis		Chapter 25 (pp. 485-488)	Chapter 9 (pp.378-385)	
XI. CURRENT VALUE ACCOUNTING (Option)				
A. Inflation and Accounting	Suggested Resources	Suggested Resources	Chapter 13(pp.598-612)	Fundamental Accounting Principles, 3rd Canadian ed. Chapter 20

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Contact. Gage Educational Publishing Ltd., 164 Commander Boulevard, Agincourt, Ontario M1S 3C7

Financial Post. McLean-Hunter Ltd., 481 University Avenue, Toronto, Ontario M4W 2Y8

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- Working Papers and Study Guide 1 Teacher's Edition
- Working Papers and Study Guide 2
- Working Papers and Study Guide 2 Teacher's Edition
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- Working Papers and Study Guides 2
- Working Papers and Study Guides 3
- Resource Book and Key
- Transparency Masters Part II

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- Working Papers 1 (Chapters 1-4)
- Working Papers 2 (Chapters 5-14)
- Teacher's Resource book and Key

Landry, Pauline et al. *Century 21 Accounting: Advanced Course*. Canadian ed. Agincourt, Ont.: Gage Publishing Ltd., 1979.

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- Working Papers and Study Guides 1 (Chapters 1-14)
- Working Papers and Study Guides 2 (Chapters 15-28)
- Working Papers and Study Guides 1-28, Teacher's Edition

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- Teacher's Manual and Resource Guide
- Working Papers and Study Guides, (Chapters 1-22)
  - Teacher's Edition (Chapters 1-22)
- Working Papers and Study Guides (Chapters 23-33)
- Teacher's Edition (Chapters 23-33)
- Objective Tests 1-7
- Accounting Wall Charts (B2084)
- Transparencies (B205)
- Certificate of Credit
- Certificate of Proficiency
- Roll of Honour

overhead
transparency masters

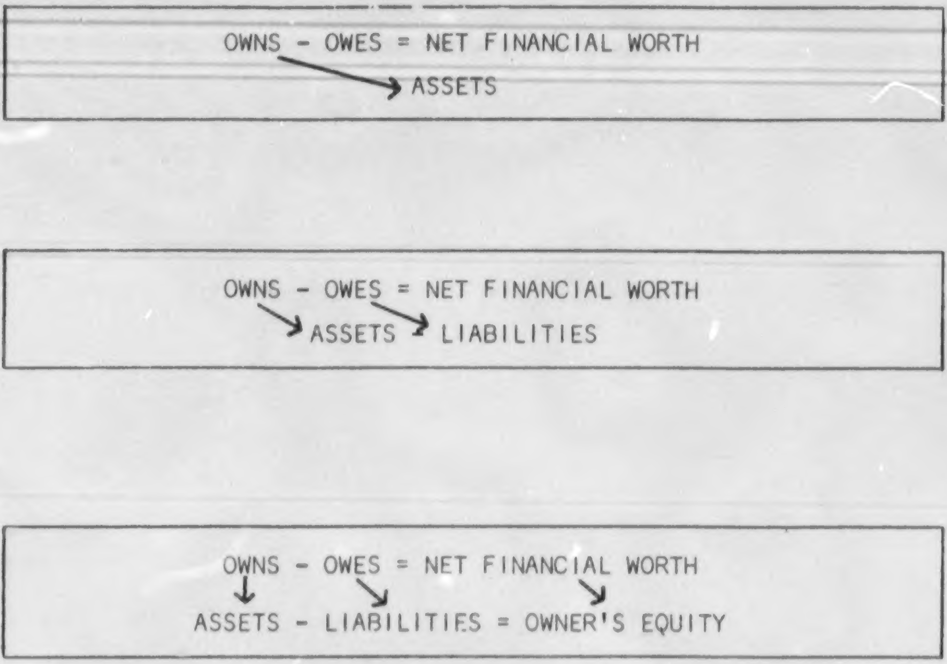
OWNS-OWES=NET FINANCIAL WORTH OF INDIVIDUAL

FINANCIAL WORTH OF A SMALL BUSINESS

WHAT IS OWNED		WHAT IS OWED	
Cash		Equipment Co.	$100.00
Supplies		Supply Co.	20.00
Equipment	$1 700.00		
Total Owned:	$1 700.00	Total Owed:	$120.00

OWNS-OWES=NET FINANCIAL WORTH OF A SMALL BUSINESS
$1 700.00-$120.00=$1 580.00

Transparency Master 1



OWNS - OWES = NET FINANCIAL WORTH

ASSETS

OWNS - OWES = NET FINANCIAL WORTH

ASSETS - LIABILITIES

OWNS - OWES = NET FINANCIAL WORTH

ASSETS - LIABILITIES = OWNER'S EQUITY

LIABILITIES + OWNER'S EQUITY = ASSETS

ASSETS - OWNER'S EQUITY = LIABILITIES

ASSETS = LIABILITIES + OWNER'S EQUITY

Transparency Master 2

ACCOUNTING EQUATION

Assets = Liabilities + Owner's Equity

Cash, Accounts Receivable = Accounts Payable + Rae Brown

$$\underbrace{\$6\,000.00 + \$1\,000.00 + \$3\,000.00}_{\$10\,000.00} = \underbrace{\$2\,000.00 + \$8\,000.00}_{\$10\,000.00}$$

Transparency Master 3

Office Supplies
Balance Sheet
March 31, 19--

Assets		Liabilities	
Cash	$ 600.00	Accounts Payable	$ 200.00
Accounts Receivable	100.00		
Furniture	300.00	Owner's Equity	
		Ray Brown Capital	$ 800.00
Total	$ 1 000.00	Total	$ 1 000.00

Transparency Master 4

SUMMARY OF RULES FOR DEBITS AND CREDITS

ANY ASSET COST EXPENSE		ANY LIABILITY INCOME OWNER'S EQUITY	
DR	CR	DR	CR
(+)	(-)	(-)	(+)

SUMMARY OF RULES FOR DEBITS AND CREDITS

<table>
<tr><td colspan="6">ASSETS = LIABILITIES + OWNER'S EQUITY</td></tr>
<tr><td colspan="2">ASSET ACCOUNTS</td><td colspan="4">LIABILITY ACCOUNTS</td></tr>
<tr><td rowspan="6">INCREASED DEBITS
(+)</td><td rowspan="6">DECREASED CREDITS
(-)</td><td colspan="2">DECREASED DEBITS
(-)</td><td colspan="2">INCREASED CREDITS
(+)</td></tr>
<tr><td colspan="4">OWNER'S EQUITY ACCOUNTS</td></tr>
<tr><td colspan="2">DECREASED DEBITS
(-)</td><td colspan="2">INCREASED CREDITS
(+)</td></tr>
<tr><td colspan="2">EXPENSES</td><td colspan="2">INCOME</td></tr>
<tr><td>INC. DEBITS</td><td>DEC. CREDITS</td><td>DEC. DEBITS</td><td>INC. CREDITS</td></tr>
<tr><td>(+)</td><td>(-)</td><td>(-)</td><td>(+)</td></tr>
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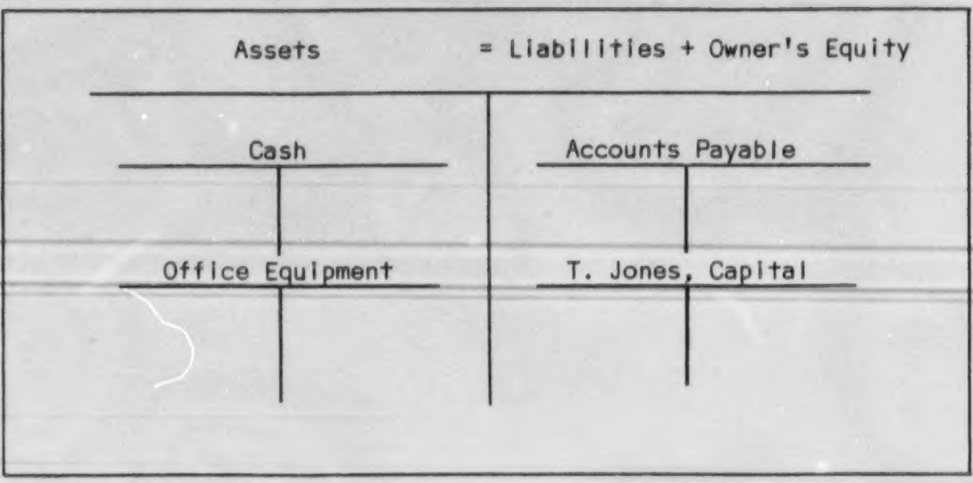
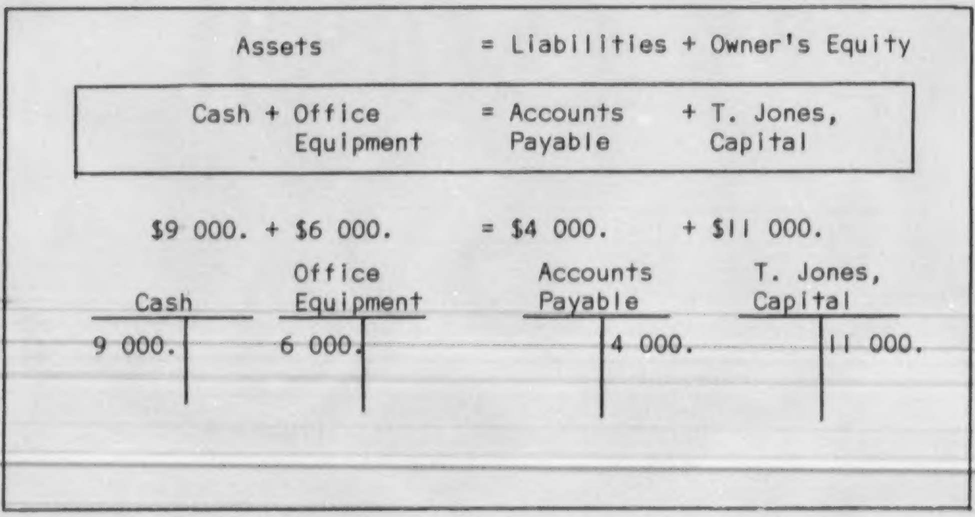


Assets = Liabilities + Owner's Equity

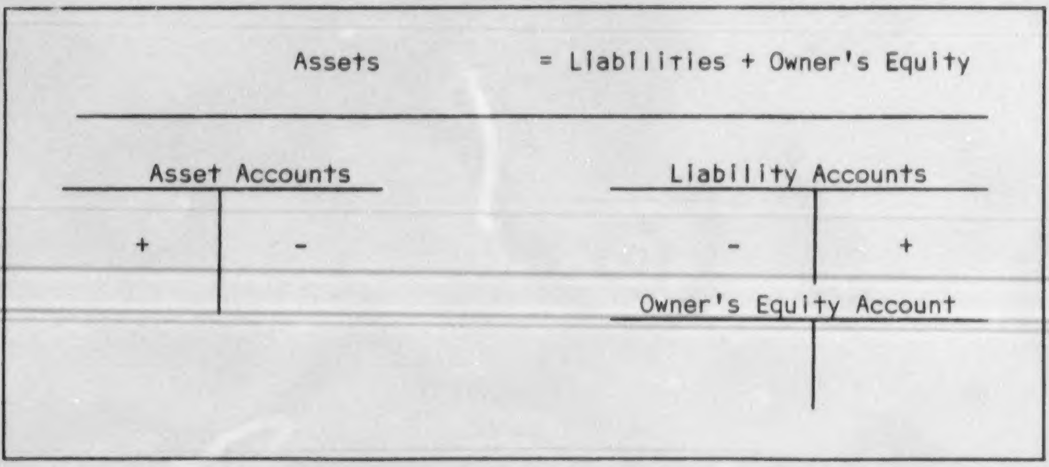


Assets = Liabilities + Owner's Equity

Cash + Office Equipment = Accounts Payable + T. Jones, Capital

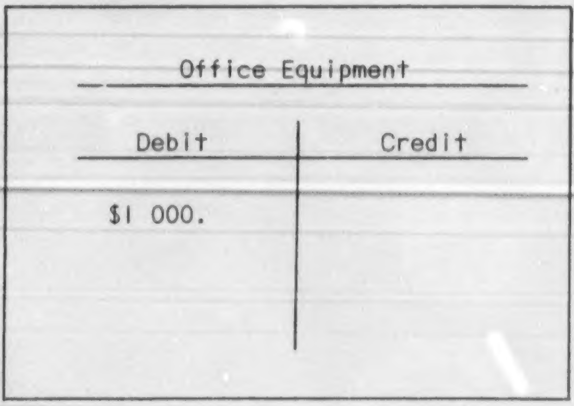
$9 000. + $6 000. = $4 000. + $11 000.

Transparency Master 6



ANALYSIS CHART

Transaction	Accounting Principle	Accounting Entry
Paid $1 000. cash for office equipment.	To increase an asset, debit the account. To decrease an asset, credit the account.	Debit: Office Equipment Credit: Cash



Transparency Master 7

DEBIT	CREDIT
	$1 000.

FLASH CARDS FOR ASSET ACCOUNTS

The front of card should appear as shown:

CASH

The reverse side of all asset cards would be identical except for the title. The reverse side of the CASH card should be prepared as follows:

CASH

Questions	Answers
1. Classification?	1. Asset
2. Balance Side?	2. Debit Side
3. Side Opposite Balance Side?	3. Credit Side
4. Increase Side?	4. Debit Side
5. Decrease Side?	5. Credit Side

FLASH CARDS FOR LIABILITY ACCOUNTS

OFFICE
EQUIPMENT
COMPANY
(Accounts Payable)

Front of Card

OFFICE EQUIPMENT COMPANY
(Accounts Payable)

Questions	Answers
1. Classification?	1. Liability
2. Balance Side?	2. Credit Side
3. Side Opposite Balance Side?	3. Debit Side
4. Increase Side?	4. Credit Side
5. Decrease Side	5. Debit Side

Reverse of Card

Transparency Master 9

FLASH CARDS FOR OWNER'S EQUITY ACCOUNT

JOHN MARTIN,

CAPITAL

Front of Card

JOHN MARTIN, CAPITAL

Questions	Answers
1. Classification?	1. Owner's Equity
2. Balance Side?	2. Credit Side
3. Side Opposite Balance Side?	3. Debit Side
4. Increase Side?	4. Credit Side
5. Decrease Side?	5. Debit Side

Reverse of Card

Transparency Master 10

FLASH CARDS FOR REVENUE ACCOUNTS

SALES

Front of Card

Debit		Cash	Credit
Balance	600		200

Debit	Rent Expense	Credit
	200	

FLASH CARDS FOR EXPENSE ACCOUNTS

RENT EXPENSE

Front of Card

RENT EXPENSE

Questions	Answers
1. Classification?	1. Expense
2. Balance Side?	2. Debit Side
3. Side Opposite Balance Side?	3. Credit Side
4. Increase Side?	4. Debit Side
5. Decrease Side?	5. Credit Side

Reverse of Card

Transparency Master 12

ANALYSIS SHEET

Trans-action	Source Document	Asset		Liability		Owner's Equity		Account	
		Increase	Decrease	Decrease	Increase	Decrease	Increase	Debited	Credited

STEPS IN PREPARING AN INCOME STATEMENT

1. Write the main heading to answer the questions:

   Who?
   What?
   For what period of time and date?

2. Prepare the Revenue section.

3. Prepare the Expenses.

4. Calculate the Net Income (Net Loss).

5. Rule the Income Statement.

Transparency Master 14

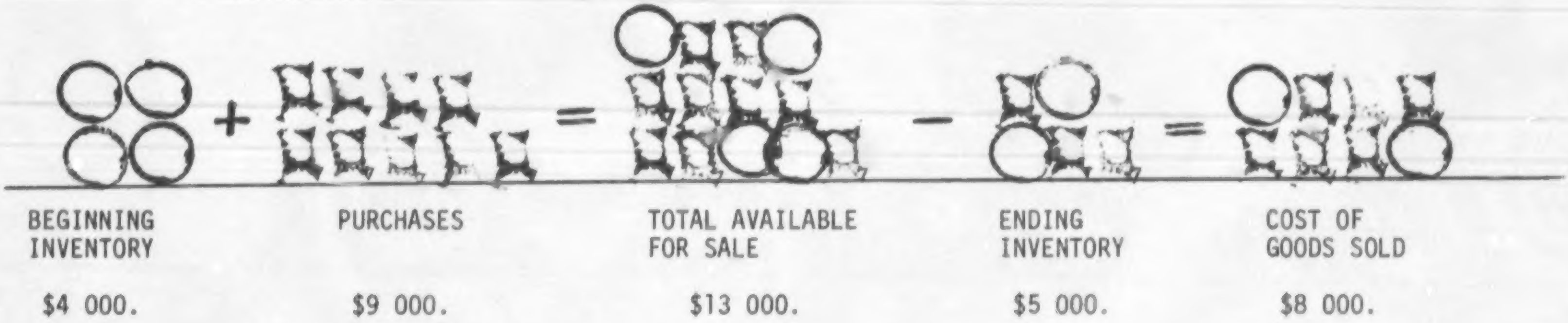
EXAMPLE OF JOURNAL ENTRY

	DR	CR
Unemployment Insurance Payable	110.00	
CPP Contributions Payable	100.00	
Incone Tax Deduction Payable	50.00	
Cash		260.00

To record cheque issued to the Receiver General of Canada Form PD7AR.

Transparency Master 15

COST OF GOODS DIAGRAM



Transparency Master 16

COST OF GOODS SOLD STATEMENT

Cost of Goods Sold:				
Inventory, January 1 (Beginning			$12 000.00	
Purchases		$45 000.00		
Add: Transportation - In		900.00		
Cost of Goods Delivered		$45 900.00		
Less: Purchases Returns and Allowances	$500.00			
Purchases Discounts	$100.00	$ 600.00		
Net Purchases			$45 300.00	
Cost of Goods available for sale			$57 300.00	
Less: Inventory, December 31 (Ending)			$15 000.00	
Cost of Goods Sold				$42 300.00

Revenue from Sales:			
Sales		$90 000.00	
Less: Sales Returns and Allowances .	$600.00		
Sales Discounts	100.00	700.00	
Net Sales:			$89 300.00

SPECIAL JOURNALS FOR A MERCHANDISING BUSINESS

Journal	Use of Journal
1. Purchases Journal	Record all purchases of merchandise on account.
2. Sales Journal	Record all sales of merchandise on account.
3. Cash Receipts Journal	Record all cash received.
4. Cash Payments Journal	Record all cash paid out.
5. General Journal	Record of transactions that do not fit into any of the four special types of journals.

Transparency Master 18

PERIODIC INVENTORY ACCOUNTING

GENERAL LEDGER

Inventory

15 000	

Purchases

2 000 3 000 5 000	

Accounts Payable

	2 000 3 000 5 000

Sales

	5 000 7 000 11 000

Accounts Receivable

5 000 7 000 11 000	

Ending Inventory on hand $ 7 500

INCOME STATEMENT

Revenue:		
Sales		$23 000 00
Cost of Goods Sold:		
Beginning Inventory	$15 000 00	
Purchases	10 000 00	
Cost of Goods Available For Sale	25 000 00	
Less: Ending Inventory	7 500 00	
Total Cost of Goods Sold		17 500 00
Gross Trading Margin		6 500 00

Transparency Master 20

PERPETUAL INVENTORY ACCOUNTING

GENERAL LEDGER

Inventory

15 000	8 500
2 000	3 500
3 000	5 500
5 000	

Cost of Goods Sold

8 500	
3 500	
5 500	

Accounts Payable

	2 000
	3 000
	5 000

Sales

	5 000
	7 000
	11 000

Accounts Receivable

5 000	
7 000	
11 000	

INCOME STATEMENT

Revenue:			
Sales		$23 000	00
Cost of Goods Sold		17 500	00
Gross Trading Margin		$ 6 500	00

Transparency Master 22